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Middle East and North Africa

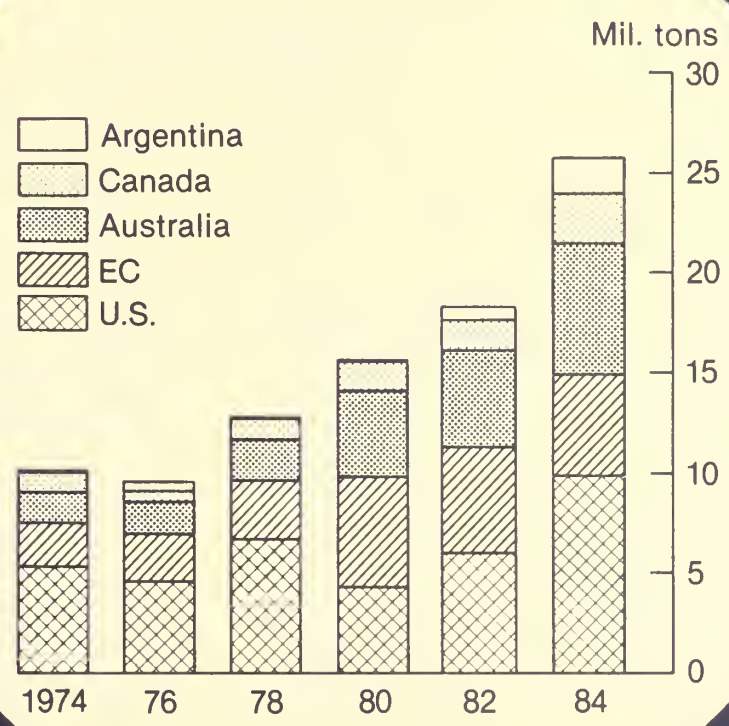
Outlook and Situation Report

ACQ. SERVICE DIVISION

AUG 20 '92

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Major Wheat Suppliers to Region



Competition keen for
growing wheat market. . . .

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SUMMARY

Total agricultural imports by the region increased 6.5 percent in 1984. The United States shipped a record \$3.7 billion, putting the U.S. share of this \$31.5 billion market at 11.6 percent. U.S. blended credit played an important role for some countries. Iraq and Turkey bought record amounts and Morocco nearly doubled its 1983 purchases. The United States enjoyed a \$4-billion trade surplus with the region, a vast improvement over the \$20-billion deficit in 1980.

In 1985, the region's outlook is for improved agricultural production. Output in Iraq and Iran is expected to rebound. Wheat output in Turkey may not show any gains because of a dry fall and a severe winter, but output in Saudi Arabia is forecast up, despite a reduced wheat producer price. The strong U.S. dollar portends marketing difficulties for the United States, and the continuing decline of U.S. export prices may limit the total value of U.S. agricultural exports. However, the region is developing its livestock sector and this could mean an increase in feed grain imports, where the United States has a comparative advantage.

The region's total exports fell because of lower petroleum prices and output. With efforts to maintain dietary levels, to fulfill political promises and avert instability, food imports have increased but at a declining rate. For example, the increase was nearly 74 percent from 1979 to 1984, and dropped to 6.5 percent last year.

U.S. credit availability has helped penetrate the market. U.S. financing through GSM 102 and blended credit peaked at over \$1.5 billion in fiscal 1984. Other suppliers have increased their use of credit as well. Australia used offshore banks in Bahrain and the Caribbean to help finance its wheat sales to Middle East markets. Loans from large banks and development funds in Saudi Arabia and the Gulf became important for agricultural trade, especially for Turkey and

Southeast Asia whose shipments to the region increased.

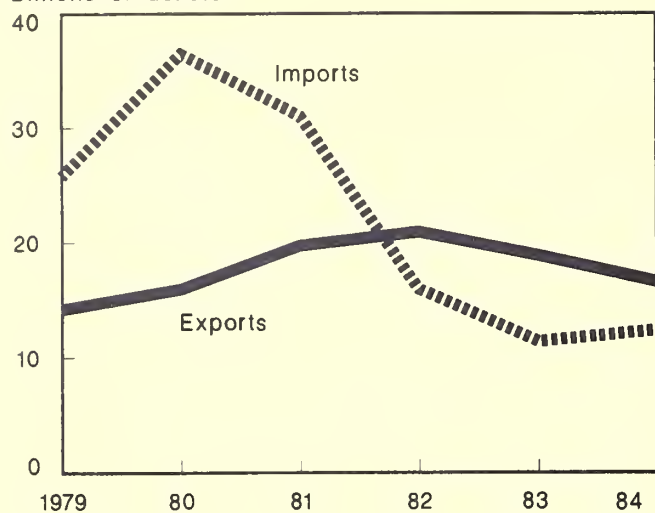
Importers in the region have become increasingly price sensitive. Today, a third of the region's agricultural imports comes from the United States and the European Community, while 10 years ago, it was 45 percent. The shift means new suppliers are taking an increasingly larger share of the market. Some reasons include barter and bilateral trade agreements, political and financial links, and efforts to reduce dependency on sole suppliers for certain commodities. Also, the strong dollar, particularly in relation to currencies of other suppliers, has reduced the U.S. competitive position.

Saudi Arabia led the region in agricultural imports, followed by Egypt, Iran, Iraq, and Algeria. The Saudis have been favoring high-value products and a rebound in barley imports raised their total imports to \$5.7 billion in 1984. Policies in North Africa to conserve foreign exchange and to slow the rise in foreign debt held gains for food imports to a moderate level. However, imports by most countries increased with declining prices. Turkey's agricultural imports nearly doubled after changes in trade policy saw increased imported feed inputs, which bolstered livestock output.

Last year's agricultural output was mixed. The worst drought in decades hit much of western Iran reducing its wheat harvest and boosting grain imports. Iraq's output was lower, while in Turkey, wheat output stagnated and barley gained, after having been down in 1983. Meanwhile, the Algerian and Moroccan grain harvests were well above their poor 1983 harvests. Egypt's livestock sector boosted its 1984 agricultural production 2 percent, while Saudi Arabia, whose subsidized price for wheat is four times the world price, produced a record 1.3 million tons, but at a high cost.

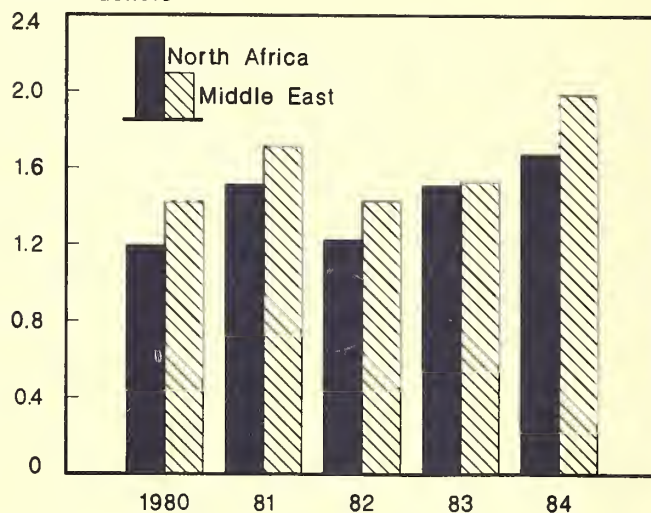
Total U.S. Trade with the Region

Billions of dollars



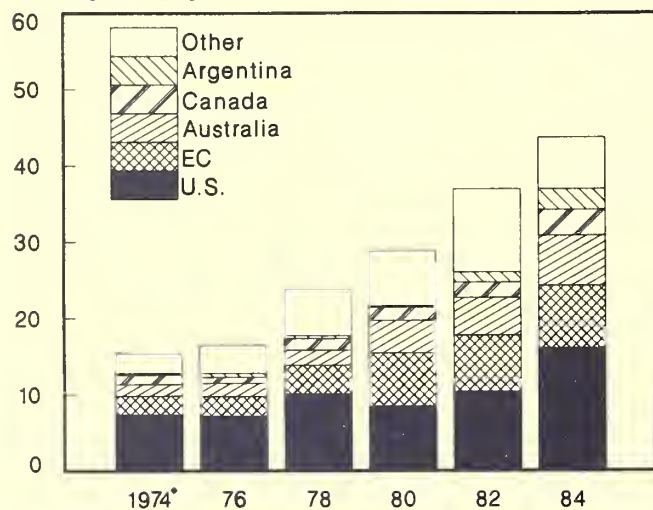
U.S. Agricultural Exports

Billion dollars



Total Grain Imports by Major Suppliers

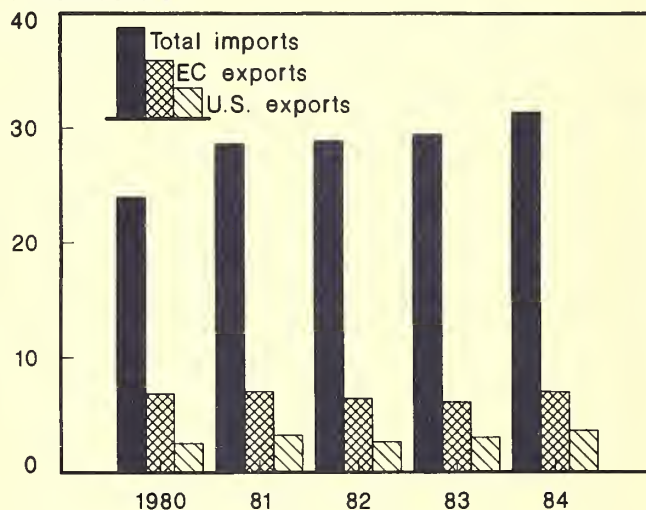
Millions of tons



* Calendar years.

Total Agricultural Imports by Region

Billion dollars



MIDDLE EAST

Iran

Shortages Continue to Plague Economy

Iran's economy suffers from shortages, bottlenecks in distribution, and declines in petroleum revenues. Inflation is rampant, estimated at 40 percent. In 1984, petroleum exports declined sharply to about \$12 billion, from \$20 billion in 1983, as output was reduced about 10 percent from 2.5 million barrels a day (bd) in 1983. Efforts to accommodate the Organization of Petroleum Producing Countries' (OPEC) controls on petroleum output, and to prevent further price slides and problems in finding customers in a buyers market, contributed to the decline in exports earnings. Programs to boost exports of nonpetroleum items received priority and sales to the United States were stressed, with a quadrupling of pistachio nuts exports to \$40 million.

In 1984, total imports declined slightly to \$17.8 billion, mostly because of reduced purchases of machinery and construction materials, following the 60-percent rise in 1983 to \$18.5 billion, when greater imports of virtually all items were made to compensate for domestic shortfalls. Government control over the economy has increased and the uprooting of the former wealthy class has adversely affected incomes. Per capita income is currently about two-thirds its 1979 level. Factory output increased about 10 percent, but the setback in petroleum revenues and agricultural production kept the Gross National Product (GNP) around \$60 billion.

Drought Reduces Crop Output; Livestock Output Up

The worst drought in decades hit much of western Iran, reducing the 1984 wheat harvest to an estimated 4.5 million tons. The result was a 40-percent increase in imports, to an estimated 3.5 million tons. Barley output also declined, to an estimated 950,000 tons, and lower feed grain imports indicated a severe cutback in stocks. Rice output was estimated down to 800,000 tons (milled), resulting in higher imports in 1985.

In 1984, livestock product output rose moderately, when large imports of Argentine corn provided feed for new commercial enterprises and projects involving cooperatives. Feed prices increased in late 1984 and further hikes are likely this year. Meat output advanced 5 percent, to about 572,000 tons, compared with the 2-percent hike in 1983. Milk production rose moderately, approaching the 1978 peak of 2.5 million tons. Egg output rose about 15 percent to 230,000 tons. Imports of dairy products and eggs account for a much greater share of total consumption than in the late 1970's.

Imports Suppliers More Diversified

Since 1979, Iran has greatly diversified its agricultural suppliers, both for political and economic reasons. A policy to avoid purchases of U.S. food kept the value of U.S. shipments to only \$2 million in 1984, compared \$182 million in 1981. A decade ago, the United States dominated the Iranian food market. The decline in the value of European, Australian, and Brazilian currencies vis-a-vis the dollar also made their products attractive to Iranian buyers.

With lower production and increasing consumption, Iran's agricultural imports in 1984 rose 4 percent, to an estimated \$3.7 billion; the quantity increased over 15 percent. Imports from Turkey, Argentina, Australia, Pakistan, Thailand, Brazil, and a number of smaller suppliers showed an upward trend, while those from the European Community (EC) were about half the \$1-billion peak recorded in 1980. Lower sugar prices and reduced purchases of some high-value items contributed to the decline in value for agricultural imports from the EC.

Grain imports were estimated at 5.5 million tons, a fifth above 1983. Wheat imports were up 40 percent over 1983's 2.5 million tons worth an estimated \$500 million. Australian shipments tripled to 2 million tons, while Argentina's were up 25 percent to 1.2 million tons. The drought in Pakistan reduced its wheat deliveries to Iran to 15 percent of the 1983 peak of 209,000 tons. Imports from Canada and Turkey were also down.

With a smaller barley harvest in 1984, Iran will have to increase its feed grain imports in 1985 to avoid serious feed grain

shortages. Larger sales of Canadian and EC barley may occur in the coming year. Total feed grains imports declined slightly from 1983's record of 1.5 million tons. Imports of Argentine corn were about a third below the 914,000 tons of 1983, but Canada and the United Kingdom delivered more barley.

Iranian rice imports in 1984 are estimated at 710,000 tons, including 400,000 tons from Thailand, 23 percent higher than in 1983. Pakistan's deliveries were below the 1983 peak of 125,000 tons. Guatemala, Uruguay, Burma, Paraguay, India, Argentina, Australia, and Taiwan were among the minor suppliers since Iran stopped buying U.S. rice. For 1985, Thai forecasts indicate that it will export 800,000 tons to Iran alone, which means much smaller purchases from Pakistan, India, and some other suppliers.

Iran's meat imports rose 8 percent in 1984 to approximately 300,000 tons. Shipments of beef from Australia stopped because of a dispute; shipments had been 38,000 tons in 1983. Beef from the EC and Turkey greatly increased in the last 2 years, partially replacing Australian beef. Mutton imports averaged 162,000 tons annually during 1982-84, including 125,000 tons from New Zealand and smaller supplies came from Turkey and Eastern Europe. New Zealand's restriction on live sheep exports, and the drop in Australian beef deliveries, resulted in larger purchases of live cattle and sheep from Turkey and Eastern Europe.

Dairy product imports continued to rise in 1984 with the average 1981-84 value at about \$290 million annually. The EC's dominance of the market was eroded during 1983-84 because of strong competition particularly from New Zealand and Finland. Iran is now the world's third largest cheese importer, following the EC and the United States. Total EC exports of cheese to Iran averaged over 86,000 tons during 1981-84, at \$90 million.

In 1984, egg shortages were frequent despite imports of about 35,000 tons. In the early 1980's, the Dutch provided most of Iran's imported eggs, which fluctuated between 8,400 and 24,500 tons annually. Imports from the EC, Spain, and Turkey also increased. Iran's imports of frozen poultry rose in 1983 and 1984 as deliveries by the EC and Brazil rose to over 60,000 tons annually.

Lower world sugar prices provided significant advantages for Iran. Imports remained near 1 million tons from 1982-84, but the value was only a fifth of that paid in 1980. Imports from the EC declined from a peak 588,000 tons in 1981 to less than half that from 1982-84. Imports from Cuba, Turkey, and Pakistan increased.

Iran's soybean output is limited and the livestock sector depends on imports for feed mixes. Soybean product imports showed a strong upward trend through 1982, when 350,000 tons of soy meal were imported at \$78 million. Brazil and Argentina were the major suppliers. Imports of soybean oil rose to about 300,000 tons in 1984, with Brazil providing over 70 percent, and Spain and Argentina providing the remainder.

U.S. Agricultural Imports from Iran Nearly Doubled

In 1984, U.S. agricultural imports from Iran nearly doubled to \$59 million. The greatest gain was in pistachio nuts, at 9,707 tons, compared with 2,295 tons in 1983, with value rising from \$11.2 million to \$40.5 million. Iran now provides over 97 percent of our pistachio imports and over half of U.S. imports of dry dates, licorice, and caviar.

Imports Forecast To Increase

Agricultural imports should continue to increase because the country's own production is insufficient to meet increasing demand. A higher wheat output, following last year's poor crop, will result in somewhat reduced imports. However, stockbuilding and the continued war with Iraq forecasts continued heavy import demand. As the livestock sector expands, feed grain and meal imports should increase. Iran's feed grain output is insufficient to meet the increasing needs of the livestock sector. U.S. agricultural exports to Iran will remain small, primarily because of political fallout, and now increasingly more because of price differentials.

Petroleum production and export constraints will be a problem for Iran in 1985. While exports at relatively low prices appear to have declined, more barter arrangements are expected. Iran's merchandise trade surplus changed to an \$8-billion deficit in 1984 because of reduced petroleum output and

lower exports. However, import demand remains strong and Iran will have to boost its petroleum revenues. [John B. Parker, (202) 475-3453]

Iraq

Economy Survives Drought and War

Iraq survived 1984 better than expected, despite the painful war with Iran and the worst drought in 30 years. Baghdad's initiatives were welcomed by many nations, and diplomatic relations with the United States were renewed in November. A rising share of Iraq's imports was arranged through credit or barter for petroleum.

Iraq's standard of living improved with the help of imported goods and services, and with new economic policies that encouraged free enterprise and reduced unemployment. Concern about the rising foreign debt and the financing of rising import needs contributed to a rebound in petroleum output and exports. With reduced access to important petroleum export terminals on the Gulf, Iraq increased use of pipelines through Turkey. Prospects for petroleum exports will be enhanced by a new pipeline from Iraq to the Saudi port of Yanbu.

In 1984, Iraq's nominal GNP increased about 18 percent to \$30 billion. In addition to the rebound of petroleum output, strong gains occurred in the value of industrial output and services. Petroleum output increased more than 20 percent to about 1.2 million bd, still only a third of the early 1980 peak. Petroleum exports rebounded about 17 percent to \$11.4 billion.

Revival of the petroleum industry was considered essential to Iraq's international financial rating and creditworthiness. Expenditures related to the war apparently abated, following the large outlays during 1981-83. Loans from neighboring Arab countries estimated at \$40 billion showed little increase in 1984. Commercial loans from western banks of \$7 billion, with \$2 billion scheduled for repayment in 1985, are considered more of a problem for Iraq.

In 1984, Iraq's merchandise trade showed a \$1-billion deficit in contrast to a \$11.5-billion deficit in 1982, when imports

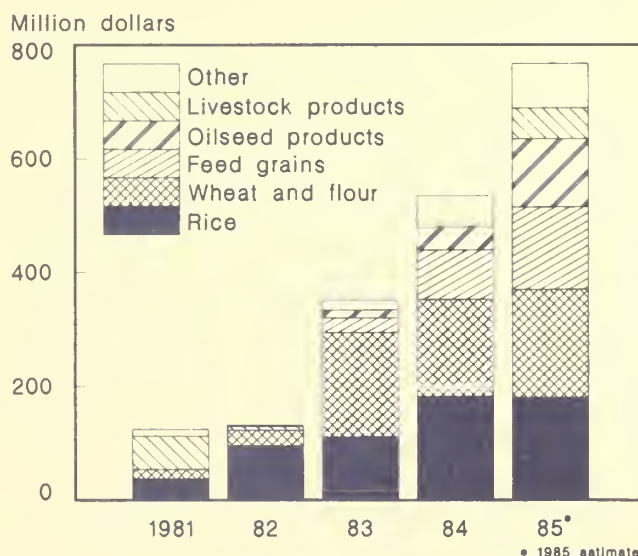
peaked at \$21.7 billion. The restriction on luxury items in 1982 contributed to a sharp import decline, especially of alcoholic beverages and cigarettes.

Total 1984 imports increased marginally to about \$12.4 billion, well below the peaks of 1980 and 1981. This was a result of a sharp decline in imports of commercial airplanes, construction materials, and machinery. Agricultural commodities accounted for three-fourths of 1984's total U.S. exports to Iraq, valued at \$663 million. U.S. imports from Iraq consist predominately of petroleum and the value doubled in 1984, reaching \$124 million. In 1983 and 1984, Iraq was the fastest growing major market for U.S. farm products with the value more than doubling in 1983 and reaching \$535 million in 1984.

Agriculture Suffers From Poor Weather

The 24-percent decline for 1984 crop production partially offset substantial gains in output of livestock products, leaving overall agricultural production down 2 percent. Programs to expand poultry meat and milk output through the use of imported feed and various subsidies were implemented. The 1984 poultry meat output was estimated at 140,000 tons. Producers near the Iranian border were moved and established commercial broiler and dairy operations near urban areas, with programs that provided generous loans and subsidized feed.

U.S. Agricultural Exports to Iraq



Unusually dry weather caused sharp declines in winter cereal yields, and wheat output was estimated at only 250,000 tons, less than one-third of 1983 production. Barley output declined about 68 percent to 275,000 tons. A shift in irrigated land from rice and corn to vegetables in southern Iraq contributed to an output decline for those crops. Rice output was about a third below the 111,000 tons harvested in 1983.

Adverse weather at flowering time was blamed for the 67-percent reduction in date output, to only 115,000 tons. For the first time, production of deciduous fruits exceeded date production. Newly irrigated orchards in northern Iraq provided substantial crops of apples, peaches, and apricots. With special projects near urban areas, vegetable production—mostly tomatoes, melons, and salad vegetables—increased, partly with the help of foreign technology and labor. Still, demand for fresh vegetables remained far above supply, and imports continued to rise, particularly from Turkey and Jordan.

Agricultural Imports Up

In 1984, Iraq imported about two-thirds of its total food supply, with greater purchases of essential farm commodities, but fewer luxury goods than during 1979–81, when foreign exchange was more abundant. Imports provided over 80 percent of the wheat and vegetable oils, and more than 75 percent of the rice, feed grains, oilcake, dairy products, and deciduous fruits. Lower average prices, and emphasis on essential imports, prevented a steeper rise in Iraq's agricultural imports than forecast.

Still, the widespread use of food subsidies, improved distribution and marketing, and better trade relations with a number of suppliers contributed to the upward trend for agricultural imports, estimated at \$3.1 billion in 1984 from \$2.9 billion in 1983. The U.S. share rose from 12 to 17 percent. Australia's share also rose, but the EC share apparently declined to 16 percent. Imports from Turkey, Yugoslavia, Spain, Brazil, New Zealand, and Cuba were well above the 1979–81 average, as supplier diversification continued.

Iraq's terms of trade with Europe and a number of developing countries improved, contributing to the rising volume of food

imports, especially from countries buying more Iraqi petroleum. For example, there was a direct correlation of food purchases from Turkey and Brazil, although for some countries this policy was less apparent.

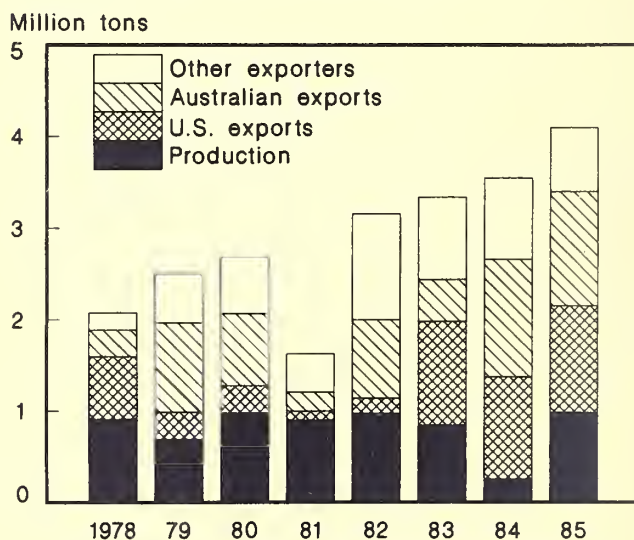
U.S. Agricultural Exports Up Sharply

The striking upward trend in U.S. exports of farm products to Iraq during 1982–84 was a result of the U.S. General Sales Manager (GSM) credit facility, and was dominated by cereals. However, the commodity mix will become more diversified in 1985 with recent cash Commodity Credit Corporation (CCC) sales of dairy products and credit guarantees for tallow, tobacco, pulses, processed foods, and sugar. The value of U.S. agricultural exports to Iraq in 1985 is forecast in the range of \$750–800 million—greater than our farm sales to China. Over 90 percent of the shipments will be financed through credit guarantees, and much of the remainder consist of cash sales from CCC stocks at relatively low prices.

Grain Imports Higher

Iraq's 1984 wheat and flour imports were a record 3.3 million tons, up 26 percent from 1983. Australian deliveries reached 1.3 million tons, more than double the 1983 level. Canadian shipments rose to nearly 500,000 tons. U.S. exports in 1984 remained at 1.1 million tons, virtually all of which was financed under GSM-102 credit. Arab banks, with branches in the United States, played a

Iraq's Wheat and Flour Supply



significant role in extending credit to the Iraq Grain Board, the public agency for grain imports. The 3-year loans usually carry an interest rate slightly above the prime rate.

With rice production sharply down, imports rose to 525,000 tons, including 447,684 tons of U.S. rice valued at \$182.5 million. Thailand, Pakistan, and Uruguay provided most of the remaining imports. Demand was bolstered by improved distribution and a rise in the number of foreign workers, particularly Egyptians.

Total feed grain imports were near 1 million tons in 1984, about double the 1983 level. U.S. feed grain exports to Iraq reached 615,311 tons, worth \$86.6 million. Iraq was the top market for U.S. barley at 340,000 tons, for \$48 million, and is also a rapidly growing customer for corn. Imports of barley from Turkey were down because of their own short crop, but arrivals from Canada were up to 253,000 tons.

U.S. exports of soybean meal to Iraq tripled in 1984, reaching 152,042 tons, and are projected to double in 1985. Iraq nearly doubled poultry meat output in 1984 and more protein meal is needed in the ration. Iraq plans to obtain more technical help from the United States and other countries to improve future agricultural production

Rebound in Grain Output

Improved weather and increased inputs forecasts a rebound in wheat production, with barley output likely to triple the poor 1984 harvest. Poultry meat output is expected to rise 50 percent to 200,000 tons. Grain imports are forecast slightly higher than last year, although may fall somewhat with perhaps 1 million tons each from the United States and Australia. Wheat flour imports mainly from Turkey, Greece, and the United States may rise to 300,000 tons.

While Iraq's is diversifying its suppliers, the United States will maintain a major share of the market. Iraq is expected to buy more basic foods and add other commodities to the list of U.S. products because of:

- o The availability of credit;
- o The urbanization and marked gains in the average Iraqi's diet;

- o The sharp production decline in 1984 that lowered stocks, which must be replenished;
- o Food subsidies that have been maintained;
- o The unit price for some U.S. products is not much different than that of competitors, as the large volume reduces the unit cost of distribution.

Iraq presents some of the best market development opportunities available today for U.S. farmers. Through GSM credit, Iraq could become an even bigger market for U.S. livestock products, fruits and vegetables, peanuts, processed foods, nursery plants, tallow, and vegetable oils.

[John B. Parker, (202) 475-3453]

Israel

Economy Reels from Hyper Inflation

Israel's economic difficulties intensified in 1984 with an unprecedented 445-percent inflation, a huge budget deficit, a poor year for agriculture, and a quagmire in Lebanon that sapped the nation's economic strength. The agricultural sector was hurt by stiff competition in its traditional export markets. The inability for many farmers to turn a profit led to a decline in farm numbers and some abandonment of formerly cultivated areas.

A wage freeze agreed to late in the year resulted in a December Consumer Price Index (CPI) increase of only 3.7 percent, compared with nearly 25 percent for November. By the end of 1984, the balance of trade deficit had declined by 27 percent compared with 1983's 17 percent. Exports rose 13 percent, while imports declined 3.3 percent, compared with a 4.5-percent increase in 1983.

Still, Israel's balance of payments continues to deteriorate as its foreign debt exceeds \$23 billion, the highest per capita debt in the world. Preliminary estimates show that in 1984 Israel's GNP increased 1.6 percent and is forecast at under 1 percent for 1985. Unemployment rose from 4.5 to 6 percent and is projected at 7.5 percent this year. Private consumption expenditure declined 7.5 percent, almost unprecedented in Israel's history.

Agricultural production declined 0.7 percent in 1984, compared with a 7.6-percent

increase the previous year. Livestock output was up 5.4 percent, while that of crops dropped 5 percent. The main factor was the disastrous wheat harvest and lower avocado crop. As a result, livestock's share in the value of the agricultural sector rose to 47 percent, from 42 percent.

Drought Reduces Production

The poor economic situation was exacerbated by the worst drought in 18 years, resulting in a sharply lower wheat harvest. The drought came at an extremely unpropitious moment. In recent years, the agriculture sector has been less than profitable and the Government's inattention to the plight of the farmers, particularly those in the cooperative sector, has been telling: a number of cooperative villages are bankrupt or on the verge of bankruptcy. The Ministry of Agriculture has been unable to assist these villages, reflecting budgetary constraints. The kibbutz (collective) sector, which derives more than half of its income from industrial pursuits and services rather than from agriculture, is better off than the moshav (cooperative) sector, which is less flexible. Farmers who rely mostly on horticultural crops are in worse shape than those who deal mainly in livestock.

On the crop side, 1984 wheat output was a dismal 120,000 tons, the lowest since 1966. The southern region, which normally accounts for as much as three-fourths of the wheat output was practically wiped out. The heavy rains in March and April were too late for the wheat and barley crops and actually limited the possibilities of cultivating corn and sorghum.

Export Commodities Have Mixed Results

The 1983 cotton crop—fully irrigated—was a record 93,000 tons, an increase mainly due to the greater incidence of drip irrigation. Cotton has become a major export crop, and following 2 years of reduced profits, 1983 proved a good year, with higher world prices, higher yields, and somewhat lower input costs. These factors caused a significant expansion in the area planted in 1984.

However, output was an estimated 90,000 tons, a result of decreased yield because the area increase of 12 percent was on relatively

small fields operated by inexperienced newcomers to cotton. In addition, late rains caused weed problems and pest infestation. The production shortfall is causing export difficulties because of commitments made. Total exports will be lower than the forecast 80,000 tons and imports are likely to rise slightly.

The value of citrus exports in 1983/84 came to only \$170 million, compared with the previous year's \$240 million. Israel's export prospects brightened somewhat recently because of freezes in Spain, and lower crops in Cyprus and Turkey. However, with the economic results of citrus exports disappointing in 1983/84, especially for Shamouti oranges, area planted to citrus continues to decline, and Israel is diversifying into other citrus.

The continuing problem of marketing Israeli grapefruit in Europe poses another serious problem. The closure of the Italian market for the first 3 months of the season exacerbates the situation. As a result, the processing industry becomes more and more important as an outlet for Israel's production. In 1984, processed citrus exports showed a remarkable rise—\$201 million last year, compared with \$150 million in 1983. The cold wave that struck Florida last year was behind the demand for Israeli citrus juices and concentrates. More than 800,000 tons of citrus were processed during 1984. Exports of processed foods registered a 17-percent gain in 1984 over the preceding year. A total of \$365 million of manufactured food items were sold abroad last year.

The production of tomatoes—which is of interest to U.S. processors—declined an estimated 8 percent in 1984, to 270,000 tons. The crop had been forecast at 350,000, but a wet, cold spring caused late plantings, and most of the area reduction was due to declining profitability in the processing sector. Processors experienced marketing problems for concentrates, causing increasing yearend stocks. Although canned and diced tomatoes enjoy excellent marketing conditions, less than 10 percent of the tomato crop is suitable for this product.

Avocados and flowers are also prominent in Israel's horticultural drive and their output is rising. They are, however, to be joined by

still newer items including mangoes, dates, and sweet-seedless table grapes.

Livestock Production Rises

Subsidy vicissitudes raised havoc among Israeli poultry producers in 1984. Production of broilers was higher than expected because of increased subsidization. A commensurate increase in consumption did not occur thus increasing stocks. The turkey industry ran completely out of control as, just before the election, the Government paid a subsidy without a quantitative ceiling and output rose sharply. When the subsidy was abolished, a large surplus production was already in the pipeline. Drastically lower consumer prices did not elicit the response to take the surplus off the market, and stocks doubled by the end of the year. As a result, a large number of turkey producers face severe financial difficulties and production will decline in 1985.

Beef and veal production is stagnant at 16,000–17,000 tons annually, with imports near 50,000 tons. The campaign of poultry producers to cut back on beef imports is gaining momentum and is supported by the Ministry of Agriculture. The continued subsidization of fluid milk and of some dairy products continued to encourage an increase in dairy animal production. Production continues to be concentrated in larger units, with smaller farms, especially in the moshav going out of production.

Israel Agriculture Faces Problems

Israel's agricultural sector faces significant problems in the 1980's. In the near term, the small farm family must resolve its problems: relieve debt burdens, increase the profitability of land farmed cooperatively, and restructure the moshav sector. This likely entails a reallocating of land and quotas and reducing the farming population in the moshav sector. Competition from such quarters as Spain, Italy, and southern France is not feared through products themselves. What Israel is concerned about are the economic and political advantages competitors gain by belonging to the EC.

U.S. Exports Increase Slightly

The United States has always been a leading source of agricultural products to

Israel, which in the last 3 years, averaged around \$300 million, primarily from wheat, corn, sorghum, and soybeans. Barley has usually been imported from Canada. In calendar 1984, U.S. agricultural exports to Israel were valued at \$334 million, 9 percent above 1983. The 580,000 ton wheat export was 67 percent above 1983 shipments. The volume of coarse grain exports at 790,938 tons, declined just under 6 percent, while value declined 3 percent to \$103 million. Sorghum exports were substantially higher, while corn exports declined, reflecting Israel's price response to lower sorghum prices. Israel is the largest per capita importer of U.S. soybeans, averaging near 450,000 tons annually.

The expansion opportunities for U.S. agricultural exports to Israel are limited. The country's population is growing at a predicable 1.8 percent, and its consumption patterns have been well established. In addition, the Government continues its effort to reduce agricultural imports and strive for import substitution where feasible.

Israel's agricultural exports to the United States have never been large, and have consisted mainly of specialty horticultural items geared for a special market. However, Israel hopes to expand its agricultural exports to this country through the establishment of a Free Trade Area between the two countries.

Free Trade Agreement Concluded

In early 1985, an agreement was concluded in which all tariffs between the two countries would be eliminated within 10 years. Israel sought the agreement as a means to expand economic growth and exports, and to cement both economic and political ties. To protect sensitive products in both countries, tariffs will be progressively reduced to zero over 5- and 10-year periods. Moreover, there would be no duty reductions for 5 years on agricultural products deemed the most sensitive: those most disruptive to the economy of the importing country. For the United States, these include processed tomato products, fresh cut roses, certain processed olives, citrus juices, and dehydrated onions and garlics.

Agricultural Outlook Uncertain

The near term outlook for Israel's agriculture will depend mainly on the degree the livestock sector continues to be subsidized. A sharp increase in consumer prices, relative to the general inflation, could result in reduced sales and farmer incomes. Wheat output is forecast slightly higher than last year's poor crop but well below the recent average. On the other hand, improved citrus prices, as a result of the extensive freeze in Florida, improves the profit outlook for processed citrus. However, this may not be sufficient to pull agriculture out of the malaise suffered over the last 4 years. The agricultural sector is very much a part of the general economy and measures taken or not taken will determine agriculture's viability. [Michael E. Kurtzig, (202) 475-3444]

Jordan

Economic Growth Slows

The growth of Jordan's economy slowed in 1984. Its GNP growth rate declined from an average 9 percent during 1974-82 to 5 percent in 1983 and an estimated 3.5 percent in 1984. Jordan's strong performance from the mid-1970's to 1982 resulted from large remittances from expatriates employed in the Persian Gulf states, the expansion of exports to nearby countries, and substantial Arab aid payments.

More recently, the Iran-Iraq war, plus the petroleum glut, reduced the demand for Jordan's workers, shrunk its export markets, and reduced Arab aid. Increasingly Jordan has had to rely on her own resources, which are not many. Jordan is an arid country with a small population and limited industry. The country's major income source over the last decade has been expatriate remittances. Phosphates, agricultural products, potash, fertilizers, and cement, all face stiff competition in sluggish world markets.

In recent years, Jordan's agricultural sector has experienced slow growth evident from the steady decline of its share of gross domestic product (GDP). From 1969-72, farm output comprised about 13-14 percent of GDP, declining to 6-7 percent a decade later. At the same time, the cost of its cereal imports

increased substantially reflecting a shortfall in its own domestic output because of two successive droughts.

Grain Output Lowest in Years

Drought reduced grain production, and damaged pastures led to a dramatic increase in both food and feed grain imports. The 1984 grain output was the lowest since 1979, but follows a trend of reduced output over the last decade.

Wheat production at 15,000 tons (East Bank) was only one-tenth of 1983 output. Wheat area has been declining in the past decade. Area is basically determined by the timing of rainfall, which in 1984 came late, resulting in only 40,000 hectares planted and yields at 375 kilograms per hectare, the lowest ever. With domestic output covering only 4 percent of consumption, wheat imports are at an unprecedented 400,000 tons.

Barley output was a dismal 4,000 tons, compared with 28,000 tons in 1983. Barley is produced in marginal areas receiving 200 to 300 millimeters of rain annually. All locally producer and imported barley is used as animal feed; consumption fluctuates widely, depending on range and pasture conditions. As a result, in 1984, barley imports were about 160,000 tons, almost a tenfold increase over the previous year. Little corn is produced in Jordan and dependence on imports increases as the poultry sector expands. In 1984, imports were estimated at 180,000 tons, with more than half of U.S. origin.

Livestock Sector Hard Hit by Drought; Significant Advancement in Poultry

Jordan's livestock sector, mostly sheep and goats, was hard hit by the 1984 drought. Not only was grain production down but range and pasture conditions deteriorated, resulting in higher imports. The Government took further action: it banned the importation of sheep for slaughtering; authorized imports of chilled beef; permitted the export of animals without the usual restrictions of certain ages and types; and sought emergency assistance.

As in other Middle Eastern countries, the production of poultry meat and eggs has been developing rapidly and has been an effective way of increasing protein availability. At the

outset, commercial poultry enterprises relied on imported day-old chicks and formulated feed. Recently, local hatcheries provide the chicks, and feed mills have been constructed to prepare balanced rations. Jordanians have always preferred red meat. However, its scarcity and rising prices is leading to greater acceptance and consumption of poultry meat. The kingdom is nearly self-sufficient in eggs.

Greater Emphasis on Agriculture

Like many Middle Eastern countries, higher income and declining production translated into greater imports (of grains and foodstuffs), which posed no real problem while export earnings were increasing. Indeed, even with the rapid growth, food imports in 1980 were only 28 percent of merchandise exports, compared with 54 percent in 1974.

Declining earnings and rising debt service have made Jordan more conscious of food imports cost, and while not leading to changes in consumption policies, it has stimulated more attention to agriculture. Growing urbanization (over 60 percent of the population live in towns over 10,000), a population growth rate of 3 percent, and the occupation of the West Bank has meant that agriculture is no longer the cornerstone of the economy it once was.

However, the widening food deficit has forced Jordanian planners to place greater emphasis in the 1981-85 plan on the farm sector, and while cuts have been made in other sectors, investment in agriculture and irrigation has reflected their high priority. The plan places emphasis on improved cultivation and marketing practices. But implementation is lagging and expenditures are about half of those projected.

The Government of Jordan views wheat as a strategic commodity consumed mainly as bread. Wheat research in Jordan has a long history involving many of international agencies. In a recent development, Jordan entered an agreement with a U.S. company specializing in dryland irrigated farming and plans to bring into production 20,000 hectares near the Saudi border, using underground water. When completed in 1987, the project is

expected to produce 160,000 tons of grain and vegetable crops annually.

Wheat is subsidized in Jordan but despite this subsidy, area has been declining. The shift has been to fruit trees, vegetables, tobacco, or land no longer cultivated because of fragmentation, absentee ownership, building expansion, land speculation, and the inherent risks of farming.

Food Import Cost Increases

Jordan's food deficit has widened greatly in recent years. In 1964-66, it averaged \$33 million; in 1968-70, \$35 million; a decade later, in 1980-82, \$354 million. In 1983, it had reached \$389 million. Although population growth did exceed agricultural output, a much more significant factor was an improved diet and the sharp rise in per capita food consumption. This came from rapidly rising incomes and the sharply higher prices of Jordan's imports.

U.S. agricultural exports to Jordan for 1984 rose 24 percent to \$98 million, with wheat a record 382,433 tons, worth \$58 million. Feed grain exports were 200,000 tons. The United States has been Jordan's principal wheat supplier. But in 1984, the Jordanian Ministry of Supply became more price sensitive as it sought to reduce import costs. As a result, its interest in Argentine and Australian wheat has increased. A shipment of 25,000 tons of Australian wheat was imported, the first such purchase in 35 years. In corn as well, the United States has been the principal supplier, but as in wheat, competition has become keener and the United States will have to be price competitive to do well in the Jordanian market.

Jordan's agricultural production potential is limited. As a result, Jordan will continue to import a major portion of its wheat needs, all of its rice and corn requirements, and varying amounts of barley. Jordan's annual wheat consumption is estimated at 350,000 to 400,000 tons, creating a structural deficit of about 250,000 to 300,000 tons. In drought years, Jordan's wheat imports will exceed 400,000 tons.

[Michael E. Kurtzig, (202) 475-3444]

Kuwait

Petroleum Exports Rebound

Despite lower petroleum prices in 1984, Kuwait's exports earnings rose 30 percent to an estimated \$14.2 billion, as petroleum output and sales from stockpiles increased. The rebound in petroleum revenues and gains from manufacturing and services contributed to a 19-percent rise in the GNP to about \$24 billion. The economy was assisted by programs to subsidize small factories, agriculture, and private business ventures.

Foreign investment income was about \$3 billion, compared with \$2.5 billion in 1983. The development of consumer oriented industries was accelerated because of the extra demand from Iraq. This has been especially significant for agribusiness, because Kuwait's facilities were used to expand output of wheat flour, feed, and processed foods for export to Iraq.

Diversifying the economy to reduce dependence on petroleum exports was stressed. Petrochemicals production continued to expand and exports of gasoline, fertilizer, and natural gas supplemented the rise in shipments of crude petroleum. Petroleum output rebounded to over 1 million bd in 1984, compared with 875,000 in 1983 and the peak 1.4 million in 1981. Despite OPEC's efforts to reduce petroleum exports, Kuwait has managed to increase sales, partly because of supplies from the Neutral Zone and accumulated stocks.

Agribusiness Encouraged

About 90 percent of Kuwait's food supply is imported, although most of the fish, eggs, and summer vegetables are grown locally. Most of the increase in Kuwaiti agricultural production during the early 1980's came from the use of imported feed, which boosted output of livestock products, particularly poultry meat, eggs, and milk. Subsidies for livestock products have remained intact, encouraging further expansion, particularly for poultry meat. Imported animals provided a considerable portion of the beef and mutton supply.

To meet its rising demand, Kuwait plans to expand crop production through the use of

irrigation, particularly in suburban areas and near its border with Iraq. The area north of the city of Jafra has good underground water resources, and any excess vegetable production could be exported to Iraq. Successful projects such as those in the Qassim area of Saudi Arabia tended to spur Kuwaiti interest in local agribusiness developments.

Kuwait's agricultural imports increased slightly to \$1.6 billion in 1984 with greater Australian and Asian deliveries offsetting smaller U.S. and east European shipments. U.S. exports declined a fourth to \$52 million, as competition reduced sales of wheat, rice, and horticultural products. U.S. wheat exports declined a fourth to 74,473 tons, with lower prices bringing value to \$11.2 million, a third lower than in 1983. The thriving exports of wheat flour to Iraq, averaging 50,000 tons during 1982-84, bolstered Kuwait's imports of Australian wheat, reaching 235,000 tons.

Kuwait's rice imports rose to 115,000 tons, with Pakistan and Thailand increasing their market share. At the same time, U.S. rice exports fell to 6,686 tons, a fourth of the 1983 level. However, the February sale of 35,700 tons promises a strong rebound in 1985, as the Kuwait Supply Company seeks alternatives to higher priced Pakistani basmati rice.

Kuwait's feed grain imports increased to 220,000 tons in 1984, including 75,916 tons from the United States. Thailand, Australia, the EC, and Turkey were other major suppliers. U.S. barley exports to Kuwait nearly doubled to 55,114 tons, but sales of corn declined slightly. In 1985, competition from Thailand may limit additional U.S. corn sales, but the absence of sorghum from Sudan will create some extra opportunities for EC and U.S. feed grain exports. U.S. soybean meal exports were only a sixth the 1983 volume of 31,619 tons, as competition from Latin American suppliers intensified.

With standards of living improving and income rising, Kuwait is continuing to import a wide variety of high-value farm products. Within recent years, competition for this market has intensified, and U.S. exports have suffered. For example, U.S. exports of frozen poultry declined 16 percent, to 1,286 tons, as the average price rose from \$1,521 a ton in

1983 to \$1,712 in 1984. Meanwhile, arrivals of Brazilian poultry at \$1,100 a ton rose to 25,000 tons. Because of lower prices, Kuwait also switched to Latin American suppliers for soybeans. Competition from Chile, the EC, and Turkey caused U.S. apple exports to Kuwait to decline to only 681 tons in 1984, compared with 3,240 tons in 1983. U.S. exports of almonds were a third below the 710 tons delivered in 1983. Greater imports of Iranian pistachios and European and Indian walnuts also contributed to lower U.S. almond sales.

Competition Intense For 1985

Kuwait's agricultural production is small, limited by area and water. Thus, it will continue to heavily depend on imports to meet its food requirements. The U.S. market share has been about 3 percent, but prospects for 1985 show a strong rebound to approximately \$85 million or 5 percent. Despite intense competition, U.S. exports of rice, feed grains, soybeans, tallow, and some processed foods are expected to increase. The value of U.S. agricultural exports will still lag the EC's and Turkey's, who annually send over \$200 million of farm products to Kuwait. Market opportunities related to Kuwait's expanding food processing and greater shipments to Iraq may help U.S. exporters with new sales for processed foods, oilseeds, seeds, and nursery plants. [John B. Parker, (202) 475-3453]

Lebanon

Economy in Tailspin

Since the 1975 civil war, official Lebanese economic statistics have been virtually nonexistent. The 1982 Israeli invasion and subsequent de facto partition of the country into Israeli, Syrian, and a myriad of Lebanese militia controlled sectors has made economic intelligence gathering very difficult.

By any account, however, the Lebanese economy is in a tailspin. The International Monetary Fund (IMF) estimates that real GNP declined 23 percent in 1983 and 13 percent in 1984. Several causes can be identified.

The uncertainty following the failure of the Multinational Forces and the Lebanese

Government to realize a political settlement set off a flight of capital, as well as people, signaling the end of Beirut as the Middle East's commercial banking center. The world recession and the austerity forced on Persian Gulf countries by the oil glut and the Gulf war reduced demand for Lebanese skilled labor. In recent years, remittances from these workers have accounted for as much as 40 percent of Lebanon's GNP. Much of Lebanon's industrial capacity was destroyed in Israeli bombing raids and output has plunged.

Moreover, Syria--the major export market for the usually smuggled Lebanese goods--has recently tightened its borders. Because of concern over Israeli goods smuggled into southern Lebanon, Saudi Arabia suspended trade with Lebanon until assurances of origin could be given.

Agricultural Output Disrupted by Occupation

The Bika Valley, Lebanon's primary agricultural area, has been the battleground for Syrian and Israeli forces. The Syrian presence, combined with Israeli bombing raids, had caused many inhabitants to flee the area and production has stagnated. Lack of civil authority has induced many farmers to shift from producing grain to hashish (marijuana), a much more profitable crop. Expanded opium poppy production is also reported.

Agricultural Trade: Competition Over Wheat

The consumer subsidy on wheat continues despite the increasing cost of imported wheat. Subsidies on wheat and other staples now account for 25 percent of the national budget. Wheat is the primary food grain in Lebanon, and since 1980, consumption has been at 400,000 tons. At the same time, production has dropped to an estimated 15,000 tons, a third of its peacetime level, and imports have increased.

The United States has supplied about a quarter of Lebanon's wheat imports. Sales of 100,000 tons--probably of hard red winter wheat--are forecast for 1984/85. A long-term supply agreement with Canada, providing for annual sales of 100,000 to 150,000 tons of wheat signed in 1981, was suspended by the Lebanese Government in 1983 because of high Canadian prices. Prompted by the high value of the U.S. dollar,

Canada is hoping to resuscitate the agreement. Argentina has also been successful in the Lebanese market.

Coarse grain imports--mainly corn--have fallen since the Israeli invasion. Lebanon will likely import 200,000 tons of corn in 1984/85, with the U.S. share at 100,000 tons.

Statistics on recent Lebanese agricultural exports are not available, but some observations can be made. A significant decline in the amount and value of agricultural exports certainly occurred during the war years. For example, the amount of fruit and citrus exports declined from 519,623 tons in 1975 to 319,623 tons at the end of 1981.

U.S. Agricultural Exports Plunge

U.S. agricultural exports to Lebanon in 1984 were \$29 million, slightly more than half those of 1983. While wheat exports increased 12 percent, to 88,390 tons, coarse grain exports dropped to one-fifth of the 1983 shipments of 140,495. Soybean exports, which were over 20,000 tons in 1983, at a value of \$5.3 million, were eliminated in 1984. And U.S. soybean meal exports were less than half 1983's 18,563 tons.

Economic and Agricultural Outlook Grim

With the continued Israeli withdrawal from Lebanon and the resumption of sectoral strife, the economic outlook for Lebanon is grim. For the agricultural sector, this portends continued decline in output, disruption and destruction of infrastructure, which will further delay any rebuilding, and resurrection of the agricultural sector. All this will result in increased dependency on food imports to sustain the Lebanese population.

Lebanon's own production is not likely to improve much. Wheat output, almost insignificant in the domestic consumption equation, is unlikely to rise, because the winter has been extremely dry. U.S. agricultural exports in fiscal 1985 are forecast at \$30 million, including 60,000 tons of wheat, 65,000 of corn, and 12,000 of oil cake and meal, mostly concessional. [David W. Skully, (202) 447-8458]

Saudi Arabia

Reduced Oil Earnings Affect Economy

In 1984, Saudi Arabia coped with a number of problems better than expected and prospects for 1985 appear brighter. OPEC efforts to maintain petroleum prices through reductions in output fell heavily upon Saudi Arabia. Total exports declined about 6 percent from the \$48 billion of 1983. Petroleum output fell from 9.6 million bd in 1982 to half that in 1984.

The country's 1984 budget of \$75 billion included a \$20-billion deficit, about twice the 1983 deficit. Conversely, stabilization of petroleum income, investment income of over \$21 billion annually, and a sharp reduction in loans to Iraq contributed to the recent improvement. The deficit caused a retrieval of some funds invested in the United States and some loans from Saudi banks, but with over \$120 billion in foreign bank deposits and investments and considerable private foreign investments, Saudi Arabia has immense wealth to fall back upon.

In 1984, foreign investments provided nearly a third of the foreign exchange inflow, and prevented the budget deficit from reaching staggering proportions. The Saudi policy of investing in American and European financial establishments and corporations was credited with providing stability amid turbulence.

In 1984, Saudi Arabia had a favorable balance of payments and its terms of trade improved, especially with Europe and Latin America, where currencies fell sharply versus the dollar and the sturdy Saudi rial. However, concern about reduced foreign investments is causing reductions in certain subsidies and construction expenditures. Construction expenditures in 1984 were only a third the 1982 peak. This was reflected in the sharp decline in 1984 total U.S. exports to Saudi Arabia, at \$5.5 billion compared with \$9 billion in 1982.

Output Up 27 Percent With Record Wheat Crop

Saudi Arabia's agricultural production rose 27 percent in 1984 as a result of gains in

wheat and livestock product output. Over the last decade, the combination of growing domestic demand and elaborate subsidies resulted in an 8-percent-a-year growth rate, faster than in any other country (see special article). Besides unusually high producer prices, Saudi farmers were enticed by other incentives: credit was easy to obtain and public land was deeded to farmers if they cultivated it for 3 years.

Saudi wheat production increased from an average 100,000 tons annually in 1970-74 to 710,000 tons in 1983. It reached 1.3 million tons in 1984 as the high procurement price of \$28 a bushel, subsidies, and turnkey irrigation projects bolstered output. In 1984, the procurement price was reduced to \$16 a bushel for growers delivering over 500 tons to the General Grain Silos Organization. Changes in the wheat price reflect concern about the rising budget deficit, lower petroleum export earnings, and the depletion of underground water reserves. Still, 1985 production could be 50 percent above 1983's 1.3 million tons, as a result of irrigation projects already in place before the price change and a good profit margin.

United States Assists in Poultry Output

With the help of American workers, striking gains occurred in Saudi output of poultry meat and eggs in the last 2 years. Poultry meat output rose from 137,000 tons in 1983 and 160,000 tons in 1984. Egg output rose to 130,000 tons, quadruple the 1980 level. Saudi Arabia is now self-sufficient in eggs, previously a commodity mostly imported. Milk production rose from 320,000 tons in 1983 and was estimated at 335,000 tons in 1984. Over the last 3 years, imported U.S. breeding cattle—adapted to a warm climate—saw the development of new dairies.

Fruit and Vegetable Output Rises

Total 1984 vegetable output was about 2 million tons, double the 1977-79 average, with melons, tomatoes, squash, egg plant, and cucumbers the main crops. Winter production of lettuce, cabbage, onions, and other vegetables increased, in response to strong demand from foreign workers. Demand for some vegetables has grown faster than local output, resulting in higher prices. The shift of some vegetable area to wheat contributed to

the rise in vegetable imports, particularly from Turkey and Jordan.

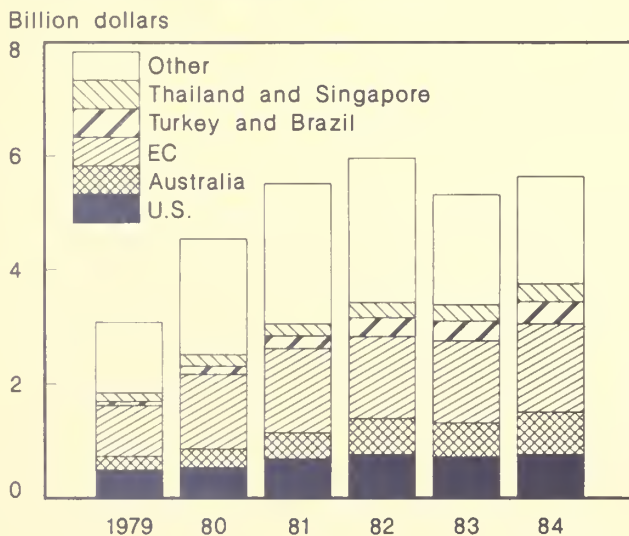
Dates accounted for over 70 percent of the total fruit output, and further subsidization should bolster output beyond 1984's 440,000 tons. Saudi Arabia's date exports averaged 21,000 tons annually during 1981-84, and much larger exports could be made in 1985 if processing, packing, and marketing are improved. A sharp setback in Iraqi and Iranian production has created a world shortage of dried dates.

Recent programs have emphasized expansion for deciduous fruits with Government payments for imported fruit trees and the cost of establishing new orchards and vineyards. New orchards of peaches, plums, and apricots have been planted in the Asir highlands. Apple and pomegranate orchards are scheduled to expand in the cool Tobuk area near the Jordanian border. However, it will be some time before these orchards produce significant amounts to offset fruit imports estimated at about 700,000 tons in 1984.

Agricultural Imports Diversified

The composition of Saudi agricultural imports has changed in recent years in terms of commodities and country of origin. Imports have grown from Turkey, Argentina, Brazil, and Thailand with their prices below that of some competitors. A decade ago, wheat and flour imports accounted for a fifth of Saudi agricultural imports and the 1985 forecast is

Suppliers of Saudi Arabia's Agricultural Imports



for less than 1 percent. At the same time, barley, beef, live animals, dairy products, fresh fruit, vegetables, and tea imports increased their share. In 1984, the EC provided about a fifth of Saudi agricultural imports, estimated at \$5.7 million, with greater deliveries of barley, dairy products, and special processed foods.

Competition for a number of commodities has been intense. For example, Saudi cheese imports doubled between 1979 and 1984 to 56,000 tons. At the time, EC sales rose markedly--replacing East European suppliers--only to be stopped by dramatic gains for Australia, whose sales doubled between 1981 and 1983. In the frozen poultry market, France and Brazil provided most of the 227,000 tons imported in 1983, and provided over 80 percent of the 210,000 tons imported in 1984. U.S. exports fell from 17,000 tons in 1981 to only 4,000 tons in 1984, partly because of stiff price competition and the rising value of the dollar. Apple imports were double the 1980 quantity of 75,000 tons. The United States shipped the most at 30,000 tons, despite strong competition from the EC, Chile, South Africa, and Turkey.

During the last 15 years, Saudi Arabia was the world's fastest growing market for a number of high-value products. The upward trend has continued for imports of bakery products, candy, honey, dairy products, meat, coffee, and selected processed foods. Imports of some items have leveled off, as with fruit juices, where import demand was slowed by striking gains in local output. In addition, three new bottling plants now provide most of the country's canned soft drinks and imports have been banned.

Exports of Processed Foods and Beverages Rising

Saudi agricultural exports are forecast to expand to \$200 million in 1985, 25 percent over 1984, including gains for beverages, wheat flour, bakery products, and dates. Exports of soft drinks to Yemen Arab Republic and Iraq are rising, and their growth is now being supplemented with larger sales of fruit juices. Some extra sales of wheat flour and bakery products may occur as food relief to drought-stricken African countries.

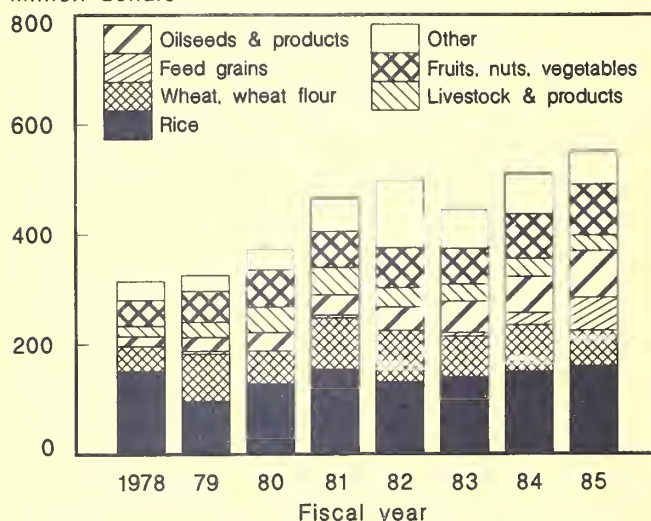
Rebound for U.S. Agricultural Exports

In 1984, U.S. agricultural exports to Saudi Arabia rose 7 percent. According to Saudi trade data. The U.S. share declined from 24 percent in 1974 to about 13 percent in 1984. Saudi trade data show the United States a much larger supplier than U.S. data indicate. This is because approximately 15 percent of U.S. exports designated for Saudi Arabia move through other than North American ports. For example, U.S. barley is bagged in Belgium and Singapore for delivery to Saudi Arabia. In addition, Saudi data include cigarettes, non-alcoholic beverages and high-valued processed foods not shown in U.S. agricultural trade data.

U.S. exports of feed grains, soybean meal, and wheat flour gained in 1984. The brief rebound in U.S. wheat flour sales to 117,268 tons, will not be repeated in 1985, because local mills now provide the special flour demanded by modern bakeries. New markets for U.S. corn, soybeans, specified nursery plants and some vegetable seeds have opened in Saudi Arabia in the last 3 years. Prospects for the development of a significant market for feed grains are excellent, encouraged by the 1984 corn exports of 144,000 tons, more than six times the 1983 level.

U.S. Agricultural Exports to Saudi Arabia

Million dollars



Demand for Food Imports Continues

Dramatic improvements in the Saudi diet and a population growth rate of over 3 percent annually will continue to increase demand for food. Efforts at reducing import dependency involve elaborate subsidies, and may be moderated by budgetary considerations as has already happened for wheat. Saudi subsidies for imported feed are already the world's highest, and some reduction is expected.

The sharp rise in 1984 barley imports was apparently related to the anticipated reduction of the feed import subsidy, which has bolstered local output of meat, milk, and eggs. However, as the production of these items rises, the feed subsidy may come under greater scrutiny. A change in the import structure is expected with deletions of certain items. However, the total value is likely to continue rising.

The 20-percent import duty recently imposed on a number of processed foods will offset subsidies provided to help wholesale distributors keep the prices for selected commodities within a specified range. This is also expected to spur the trend towards increased imports of ingredients and reduced imports of consumer-ready items.

U.S. agricultural exports to Saudi Arabia will continue to face severe competition. Exception for wheat seed, most of our food sales are handled by private traders, many with relatively small orders. When the dollar rises against other currencies, this places the United States at a greater disadvantage than in some markets, where sales are primarily to Government trading agencies and through credit. The setback in U.S. exports of wheat flour in 1985 should be offset by greater sales of feed grains, soybean meal, and horticultural products, resulting in a total value of \$500 million. [John B. Parker, (202) 475-3453]

Syria

Defense Burdens Economy, But Oil Discovery Raises Hopes

Defense spending in response to the Israeli invasion and occupation of Lebanon has overshadowed all other economic activities in Syria since 1982. The war has created a

foreign exchange shortage for civilian external commerce and this, in turn, has created many bottlenecks in domestic trade. Black market trade, an integral part of Syrian life, is being sharply curtailed--first to conserve exchange, and second to exert political pressure domestically, as well as on the Lebanese economy, which is the main source of smuggled goods.

Syria's alliance with Iran is reaping considerable economic benefit. Iran is supplying crude oil at prices well below OPEC's, and has also helped refinance much of Syria's external debt. Syria is attempting to pay Iran through barter, but difficulties are likely because Syria does not have much domestic surplus to offer.

Encouraging evidence now exists of substantial reserves of low sulphur, light crude oil in the Euphrates Valley near Deir ez Sor. One report places potential production at 300,000 bd--15 million tons a year. The light crude would complement Syria's current 180,000 bd, production of high sulphur, heavy crude, and would allow for exports of 12 million tons a year. If this oil comes on stream, it could help lift Syria out of its debt and foreign exchange troubles. Current estimates are that production will begin in 1986 and exports shortly thereafter.

U.S. agricultural exports to Syria more than doubled, to \$38 million, in 1984. Corn shipments doubled to 165,000 tons, at \$25 million. An accelerated development of the poultry sector plus the lower domestic output are the principal reasons for the higher imports.

Drought Forces Record Wheat Imports

The 1984 wheat crop is estimated at 1.07 million tons, down one-third from the 1983 harvest, and the lowest in a decade. The drought curtailed harvesting all of the 1.1 million hectares planted, and much of the land was grazed. The General Establishment for Cereal Processing and Trade (HOBOOB), purchased only 124,000 tons of domestic production, primarily for consumption in Damascus.

As a result of this poor harvest, record wheat imports of 1.4 million tons are estimated for 1984/85. In 1983/84, Canada,

France, and the United States were the primary suppliers. The Australian Wheat Board's November offer of 300,000 tons of white wheat was declined because price and credit conditions were not competitive, while 55,000 tons of wheat flour were also purchased--all from EC sources.

Syria's barley crop at 303,000 tons was the worst in a decade, coming close to matching the dismal crops of 1977 and 1979. Barley is grown totally on rainfed area. Syrian's predominantly pastoral livestock sector was stressed by short winter and spring rains, which reduced range capacity. Shortages of feed prompted the General Organization for Fodder (GOF) to allow private imports of barley and other feeds. In the public sector, foreign exchange problems cut contracted imports of Canadian barley from 250,000 tons to 133,000 tons. The lack of available feed caused distribution delays that led to panic livestock selling from the countryside. Consequently, sheep prices were reported at 10 percent of their 1983 level. The short crop also resulted in 100,000 tons of barley seed imported to cover reported low stocks. Turkey and New Zealand were the major suppliers.

The Syrian Government is encouraging corn production, and imported 1,600 tons of short season hybrid corn seed from France and Switzerland. The intent is to grow corn on irrigated land after wheat is harvested. The 1984 crop at 50,000 tons, nearly doubled 1983's harvest. The 1984/85 marketing year imports are estimated at 290,000 tons, with the U.S. share at 250,000 tons.

Syria's corn producers in general do not have any means to dry their corn. Spoilage in storage from corn's high moisture is a problem. Demand for corn in poultry feeding is rising as the poultry sector expands. The milling capacity is sufficient. It remains to be seen whether the GOF will have any more foreign exchange in 1985 to import corn than it had in 1984.

Drought Lowers Cotton Output

Poor weather also reduced the 1984/85 cotton production to 425,000 tons, from 1983/84's record 523,419 tons, with a yield of 2.45 tons per hectare, well below trend. Syria is a net exporter of cotton lint. Domestic use

is approximately 45,000 tons and increasing with population growth. Lint exports reached 152,000 tons in 1983/84 with Italy, the USSR, and Algeria the largest customers. Exports for 1984/85 are estimated at 107,000 tons. The Government is encouraging production and producer prices have risen during the last three seasons. In 1983, Syria was one of five charter signators of the International Cotton Producers' Association--a group established to represent less-developed country (LDC) cotton exporters.

Tobacco Output Encouraged

Domestic flue-cured production is increasing, but at a modest rate because of the technical sophistication required relative to burley tobacco. Tighter border control reduced the supply of smuggled foreign cigarettes, raising domestic demand for Syrian brands. This demand and an agreement with the USSR to supply 1,000 tons of cigarettes has created a industrial demand of about 2,000 tons of flue-cure leaf tobacco. Syria is also negotiating a cigarette supply agreement with Iran, likely as part of the currently negotiated agreement oil barter. If settled, this could further boost industrial import needs. At current exchange rates, and credit conditions, Syria is more likely to purchase Zimbabwean than American tobacco.

Pistachio Production A Record

Syrian pistachio production was a record 12,000 tons in 1984: weather was conducive to pollination and new generation trees came into production. Even so, domestic supply is insufficient and imports of 1,000 tons in 1984 occurred, and 1,500 in 1985 are anticipated (inshell basis). Middle Eastern suppliers are generally preferred to California varieties, because U.S. nutmeat is not as green as local varieties.

Outlook for Continued Grain Imports

Even if the 1985 wheat crop is near average, significant wheat imports will be essential as Syria's population grows and as its own production fluctuates substantially. The U.S. share is unlikely to expand as suppliers such as France and Canada offer competitive prices. To date, credit has not played an important role, but could, if Syria's foreign exchange situation worsens. [David W. Skully, (202) 447-8458]

Turkey

Economy Continues To Progress

Turkey's GNP grew 5.7 percent in 1984, led by an 8.7-percent real growth in the industrial sector. Agricultural output grew 3.6 percent following a decline of 0.8 percent in 1983. Lowering inflation remains an illusive policy objective. Inflation increased to more than 50 percent, twice the Government target. Inflation in 1983 was 40 percent.

With the continued devaluation of the lira (about 58 percent in 1984), Turkey was able to maintain its competitiveness in international markets. Total exports climbed 25 percent to \$7.1 billion, while its imports rose 16 percent to \$10.8 billion. Exports to Iraq were a record \$934 million, triple 1983's value, while those to Iran declined 31 percent.

Agricultural exports declined about 9 percent to \$2 billion. The oil glut and resultant lower export earnings by major exporters affected Turkey's worker remittances and are bound to slow some of the longer term prospects for Turkish workers in these countries. The composition and structure of exports continued to adapt to the Government's incentive program, which favors high value-added exports over raw material. The share of agricultural exports in total exports declined to 28 percent, from 38 the previous year. However, agriculturally based materials compose nearly 50 percent of industrial exports. While total imports rose a moderate 16 percent, agricultural imports--primarily feeds--nearly tripled to \$650 million. With the use of GSM credit, U.S. shipments were up sharply.

Grain and Soybean Output Rising

The 1984 grain picture was mixed. Wheat output stagnated at 13.3 million tons, while barley output (which was down 14 percent in 1983) gained 4 percent to 5.6 million tons. Barley is the major feed grain. Most of its domestic output is used for feed with the rest used for malting. Corn output in 1984 was at 1.5 million tons, 14.5 percent above the 5-year average. As the mixed feed industry develops, corn consumption for feed is expanding very rapidly replacing barley. The Government's new policy of importing corn will also result in increased total corn consumption, especially

for feed, and is likely to make Turkey increasingly dependent on imported corn to expand its livestock sector.

For 1984/85, Turkey's soybean output is estimated at 80,000 tons, double the previous year's production. The Government continues to encourage soybeans as a secondary crop following wheat, and in 1984 not only increased the price support for beans but provided other incentives. All price supports were announced before planting time--they are usually announced at harvest--and this should encourage production, because it leaves producers more certain about crop profitability.

Despite a large domestic output of oilseeds, total vegetable oil supplies could not meet demand, and 150,000 tons, mostly soybean, were imported. Some margarine manufacturers who own crushing facilities have wanted to import U.S. soybeans for some time, but until last year, Government policy and restrictive import licensing prohibited this. Recent liberalization has resulted in import duty and licensing changes for soybeans and products. Now these items can be freely imported upon payment of a vastly reduced import duty and surcharge.

Cotton Output Rises But Yields Decline

Turkish cotton output for 1984/85 is estimated at 586,000 tons, up 12 percent over 1983/84. Area expanded 22 percent to 750,000 hectares, particularly in the Aegean region. However, yields in this region were lower than forecast because of unfavorable weather, extensive aphid damage, and seed degeneration from illegal seed exchanges between regions. The Ministry of Agriculture still determines cotton varieties to be planted in any given region, and seed transactions between regions are subject to official permit.

Larger cotton supplies both in Turkey and in the world are forcing prices lower. At the same time, prices for competing crops--oilseeds in particular--are rising. So some shift from cotton into soybeans and sunflower seeds, as well as grains, is forecast for 1985/86, with cotton production forecast down about 13 percent from 1984's 586,000 tons.

Livestock Industry Continues Expansion

Turkey's livestock industry continues to grow; both output and prices of most animal and animal products are on the rise. Turkey has a very large sheep flock and a large cattle and goat herd. However, production is limited by very low yields. Statistics collected at Government abattoirs put average carcass weight of individual cattle at 80 kilograms, believed to be too low. As livestock and its products increase in importance in both the Turkish diet and for export, efforts are being made at collecting more accurate data.

Presently, statistics are not available on the number of animal births, deaths, growth rates, or similar details. Because of the data problems, the Ministry of Agriculture is currently working on improving livestock data.

Exports of livestock and animal products have increased significantly over the last few years. Most exports were to neighboring countries where improved relations and devaluation of the lira, plus Government support to exporters, have reaped positive results. The increased exports caused reduced domestic availability, and caused prices to rise 40 to 50 percent. This is a troubling situation for a Government attempting to keep a lid on inflation. The price rise was so sharp that the Government had to liberalize imports to prevent retail shortages. Meat stocks are very limited, because most is consumed fresh. Frozen meat is considered inferior.

Policy Changes Boost U.S. Export Potential

The Government's policy to purchase grains at support prices from farmers and to sell it on the domestic market at subsidized prices is meant to protect consumers. However, some changes have occurred. Subsidies have been reduced to a minimum to relieve some of the burden on the Treasury.

Turkish grain statistics continue to be problematic and are often inaccurate. Efforts to improve them are underway. Turkish grain stock numbers have always been very high, perhaps 25 percent of output, as Turkish farmers tend to hedge against drought. However, attitudes are changing and stocks have declined as marketing and distribution have improved, resulting in the reduction of on-farm stocks.

Turkey continues to liberalize its trade regime. Recently, customs rates were lowered on 868 items. Some commodities--such as corn, soybean, and edible oils--have been exempted from duty. Exemptions from custom duties have been made in part to dampen domestic inflation through price competition from imports.

The establishment of new feed mills and the rising demand for corn used in mixed feed production in recent years has raised domestic corn prices. To combat inflation, feed imports were subsidized to millers.

Grain Imports Continue

In a general change in policy, the Turkish Government has decided to increase grain imports to meet the requirements of its expanding livestock sector. When the domestic coarse grain crop was down, the policy had been to reduce supplies to the livestock sector and reduce exports. Now, as the livestock sector produces for export, Turkey is attempting to meet its needs with coarse grain imports when necessary, and to maintain its position as supplier in the competitive Middle East market. The big question is whether that position can be maintained following a rapprochement between Iran and Iraq, as other suppliers--whose access to some Middle East markets have been curtailed--resume deliveries.

With wheat output stalled at between 13-14 million tons and demand increasing at near 3 percent, imports of about 500,000 tons in both the last 2 years were necessary. The Turkish diet is still heavily composed of cereals, and while the diet is improving, total cereal consumption has not reduced noticeably, because Turkey's population increases by 1 million people each year.

For calendar 1984, U.S. agricultural exports to Turkey were valued at \$286 million a tenfold increase over last year. The export surge was led by grains, particularly wheat, barley, and corn, valued at \$165 million, with a volume near 1.1 million tons. Inedible tallow also increased substantially, valued at nearly \$15 million with a volume close to 30,000 tons, a 50-percent increase.

GSM Credit Instrumental in Export Increase

The availability of U.S. GSM credit plays a major role in our exports to Turkey. In fiscal 1984, approximately \$170 million were allocated, resulting in purchases of wheat and barley, and record purchases of corn and soybeans. Corn exports for 1984 totaled 166,000 tons. Also, the first U.S. soybean exports to Turkey were for 77,000 tons, a clear indication that Turkey is expanding its livestock sector and that this expansion is not an ephemeral one. Despite higher soybean output, the anticipated growth in the livestock sector means that the demand for soybean meal will greatly exceed any anticipated production expansion, at least in the foreseeable future.

Lower Prices Important in Determining Supplier

Turkish agricultural output for 1985 is not expected to make any dramatic strides. Some reduction in wheat output is expected because of the dry autumn, which delayed germination, and a severe winter, which will lower yields. If April and May rains are normal, wheat output could be at 13 million tons, and wheat imports will continue. Despite wheat purchases from Argentina and the EC, the U.S. remains a major supplier, and expectations are that Turkey will fully utilize its fiscal 1985 GSM credit. The continued expansion of the livestock-poultry sectors means that Turkey will expand coarse grains output but barring any dramatic area shift and yield increases, imports of coarse grains will continue. The U.S. share of the Turkish market depends increasingly on our remaining competitive. The Turks have become more price sensitive and even U.S. credit availability is apparently not always a sufficient incentive when other countries offer lower prices. [Michael E. Kurtzig, (202) 475-3444]

United Arab Emirates*

Economy Adjust to Lower Oil Prices

Despite 2 years of upsetting adjustments related to lower petroleum revenues, the nearby Iran-Iraq war, and disruptions in the

once flourishing transit trade, the United Arab Emirate's (UAE) economic conditions improved in 1984. Total exports remained at \$15 billion as rising sales of natural gas offset a small decline in crude petroleum sales.

The decline in total exports from a peak of \$20.7 billion in 1980 was less severe than that suffered by some other OPEC members. This was because of greater revenue from natural gas and provisions made for new producers outside of Abu Dhabi, the source of 75 percent of UAE's output before OPEC production quotas began.

Dubai now produces over 350,000 bd. A newcomer to petroleum wealth is Ras Al Khaimah whose output may reach 50,000 bd in 1986. This questions whether the UAE's OPEC export quota will increase to 1.6 million bd, or if Abu Dhabi must reduce its production to compensate for gains by the two newer producers. The UAE has a \$6-billion merchandise trade surplus and foreign investments exceeding \$20 billion, which earn over \$2 billion annually. With the world's highest per capita income-- \$22,000 annually--the UAE may have difficulty in convincing OPEC to allow greater petroleum export quota.

Over 80 percent of the UAE's work force consists of foreigners who repatriate about \$4 billion annually. Despite this leakage, the UAE's 1984 current account surplus was about \$4.5 billion. Income from public and private investments in other countries increased, particularly from U.S. banks. The UAE lacks a large enough market base to provide a sufficient economies of scale for some consumer oriented industries. This concern has contributed to the very active role of the UAE in encouraging economic integration of the Gulf Cooperation Council (GCC) 1/.

Elimination of import duties on selected items among member countries has partly helped compensate for the loss of transit trade with Iran. Changes in Tehran's trade policy in late 1984 apparently allowed some rebound in purchases of spare parts and items like refrigerators from Dubai traders. However, the trade in rice, processed foods, and cigarettes, which once flourished between

* Includes Abu Dhabi, Ajman, Dubai, Fujarah, Ras Al Khaimah, Sharja, and Umm al Quwain.

1/ Members include Saudi Arabia, UAE, Kuwait, Qatar, Bahrain, and Oman.

Dubai and Iran, may not revive. This trade is dominated by State trading firms in Tehran who seek large contracts at prices where private traders can not compete.

U.S. imports of UAE petroleum more than doubled in 1984, to \$1.2 billion, reflecting UAE's problems selling oil in Europe and plans for better economic relations with the United States. UAE traders are very price responsive and this caused them to buy less U.S. manufactured goods, especially when changes in currency values created better prices from competitors.

Vegetable and Livestock Output Up

In 1984, vegetable production was up over 20 percent to 160,000 tons, including 90,000 tons of tomatoes, and 25,000 of cucumbers. Rising production resulted partly from subsidies provided for construction of over 1,000 greenhouses in Ras al Khaimah and Al Ain, the major agricultural centers. Fruit production provides less than half of total UAE needs. Citrus production rose to about 35,000 tons with gains for oranges and limes in Fujarah, where subsidies for fertilizer and improved nursery stock helped boost output.

Elaborate subsidies encouraged greater poultry meat output, estimated at 22,000 tons. Egg production rose to 15,000 tons, providing over half of total needs. Milk production rose to about 18,000 tons and cattle and sheep feedlots were established to supply more red meat. The fish catch of 67,000 tons help reduce UAE dependence upon imported food to less than 85 percent, down from 90 percent in 1980.

Food Imports Up Slightly

Improvements in the average diet, more widespread income distribution, modernization of food marketing, and stabilization of the foreign work force tended to boost demand for food. In 1984, agricultural imports increased about 8 percent to \$1.4 billion, as population increased 4 percent, the diet of foreign workers improved and prices for some items increased.

Deliveries by Australia and a number of Asian and Latin American suppliers increased sharply because they met UAE small orders needs and their currencies' value declined. EC

sales remained at \$250 million, as Australian dairy sales and cheap Brazilian poultry limited EC market expansion. Brazil has also become an important supplier of sugar, soybean products, and fruit juices, while Turkey delivered more pulses and horticultural products. Australia's food sales to the UAE rose with much larger deliveries of wheat, feed grains, dairy products, and meat.

In 1984, grain imports exceeded 550,000 tons, including 175,000 tons of wheat, 225,000 of rice, and 150,000 of feed grains. Australia provides virtually all of the wheat, and Thailand and Pakistan most of the rice. Feed grain imports are in early development and supplier competition is intense. Consequently, in 1983, U.S. barley exports were 98,000 tons when EC and Australian supplies were tight and their prices not very attractive. However, these suppliers returned in 1984, preventing further U.S. sales. Thailand competes with the United States for corn sales.

Demand for U.S. Processed Food Rises

A rise in the number of technicians working in Dubai and Ras al Khaimah contributed to greater demand for processed foods. Despite a very competitive situation, some U.S. sales increased. Apples valued at \$9.6 million, were up 20 percent, and pears at \$1.5 million rose 50 percent. U.S. exports of eggs nearly doubled to \$1.2 million. Other items whose value doubled included yogurt, citrus fruit, frozen vegetables, potatoes, raisins, and canned fruits. Beef deliveries rose 38 percent to 314 tons and poultry meat registered a 12-percent gain to 639 tons. U.S. exports of fruit juice were up 17 percent to \$2.6 million, partly because of greater distribution of concentrates to grocery stores. Most of the fruit juices were imported from Asian suppliers and the total value rose to \$40 million.

Further Gains In Food Imports Expected

In 1985, U.S. farm exports to UAE are forecast at over \$50 million, less than 3 percent of the estimated \$1.5 billion in total agricultural imports. A revival of private imports by Iranian businessmen may see a rebound for UAE's transit trade. U.S. rice sales may rise above the 4,279 tons shipped in 1984, and further gains in sales of processed foods. [John B. Parker, (202) 475-3453]

Four Countries on the Arabian Peninsula

Economic Growth Led by Petroleum

Petroleum and its products are the leading exports of Oman, Qatar, Bahrain, and People's Democratic Republic of Yemen. In 1984, all but Oman increased their exports to the United States. The private sector in these countries handle most of the food imports and competition among suppliers is keen.

The strong dollar has made it difficult for the United States to expand its sales to these countries. However, development projects have created some unusual opportunities for American sales of seeds, machinery, and equipment. Despite the emphasis on agricultural development, over 75 percent of these countries' food supply is imported, and food imports increased in 1984. Except for Qatar's rice purchases, less U.S. food was bought. In 1984, only Qatar had a budget surplus, while the other three countries relied on loans from various Arab funds to cover most of their deficits.

Each country has a special economic activity to boost per capita income. Bahrain is an important banking center with over \$68 billion in deposits. In addition, it accrues considerable income as a center for petroleum refining, transportation, and services. The new landfill causeway between Bahrain and Saudi Arabia is scheduled to open in late 1985, further cementing the economic interchange between the two.

Qatar's high per capita income is derived from exports of petroleum and natural gas. The export of natural gas has helped offset smaller crude petroleum sales. Oman has used its \$4-billion oil revenue to develop a modern infrastructure, and small factories, and to expand agriculture. Yemen receives considerable income from sales of refined petroleum, and from selling supplies to ships passing by Aden. Also new airports and hotels boosted tourism, especially for Socotra, a tropical island.

Agricultural Output Stressed

In Oman, date orchards occupy about half of the cultivated area of 45,000 hectares; lime, banana, and orange orchards occupy the remainder. In 1984, vegetable production rose

dramatically, despite strong competition for imports. Output of tomatoes rose to 25,000 tons and melons to 36,000 tons. Swiss, U.S., and U.K. technicians have been instrumental in developing Oman's agriculture by greatly increasing the use of modern wells to improve irrigation.

Qatar and Bahrain plan to accelerate agricultural development where subsidies covering about 75 percent of input costs have already attracted a great deal of attention. The Arab Agricultural Investment Company has been incorporated in Bahrain as an offshore holding company with a capital of \$100 million. Its more than 300 founders come mostly from Saudi Arabia.

The new company is expected to invest in agribusiness in a number of Arab countries. Qatar has successful vegetable and poultry projects, which have rapidly expanded output. Yemen is expected to expand irrigation, resulting in increased production of cotton for export and coarse grains for local livestock.

Agricultural Imports Up

Food imports by all countries continue to rise, but at a slower pace than for 1978-82. Oman's 1984 agricultural imports rose slightly to \$415 million, about a fourth greater than Yemen and double the value reported for Bahrain or Qatar. Agricultural exports by the EC to these countries increased markedly through 1982 and remained strong through 1984, although deliveries by India, Thailand, and Turkey rose at a faster pace.

All four countries are much larger markets for EC agricultural exports than for U.S. products. For example, EC agricultural exports to Oman averaged about \$74 million from 1982-84, 9 times the U.S. value, and Yemen was an \$80 million market for the EC, in contrast to less than \$1 million for U.S. products.

In 1984, combined grain imports by these four countries remained at 700,000 tons. Australia dominated the wheat market, despite competition from European suppliers who sent 89,000 tons to Yemen, and 29,420 tons to Bahrain. Australian wheat deliveries to Oman fell 60 percent to 38,710 tons. Thailand and Pakistan were the major rice

suppliers, estimated at 60,000 tons for Oman and 55,000 tons for Yemen. In addition, imports of Thai corn for livestock projects increased, offsetting smaller deliveries of Sudanese sorghum.

In 1984, greater competition for processed food sales resulted in a one-third decline in U.S. food sales to Bahrain. While Oman switched to competitors for wheat and corn, higher U.S. seed purchases kept the slide for total U.S. farm sales to 10 percent, at \$8.4 million. The value of U.S. agricultural exports to Qatar increased 1 percent, because a 71-percent sales rise in rice compensated for losses in processed food.

Prospects for U.S. Sales Limited

In 1985, agricultural imports by these countries are expected to continue rising, with greater purchases from Europe, Southeast Asia, and Australia. Prospects for U.S. seeds and some processed foods sales are favorable, but competition will be keen for wheat, corn, and rice. A marked shift in Yemen's policy now encourages private traders and merchants to operate in Aden, which has a major duty-free zone. The revival of Aden as a supply port for ships could provide some new opportunities for U.S. exporters of processed foods, including flaked potatoes, canned beans and hot sauce. [John B. Parker, (202) 475-3453]

NORTH AFRICA

Algeria

Exports Emphasized

Algeria bases its trade policy on maintaining a positive current account balance. It does this by fixing its import budget at less than expected imports. For example, \$9.4 billion of imports were allowed in 1983, and estimates of 1984's imports show a decline. Initial estimates point to a 1984 current account surplus of \$735 million, up \$550 million from 1983. Nonhydrocarbon exports are being encouraged. The highest quality domestic products are now slated for export. Products of comparative advantage will be exported freely, but other less competitive items will be subsidized or added into barter agreements.

State funds will go to establish export promotion teams with representation at international trade fairs. As an incentive, special foreign exchange accounts are now permitted for successful exporters. First quality fresh fruit and vegetables are among the products considered for export even though these are in short supply to domestic consumers.

Agricultural Output Rebounds

Improved weather conditions raised Algeria's 1984 grain crop 45 percent from 1983's drought-stressed harvest. Wheat production in 1984 rose 51 percent to 1.2 million tons, an average harvest. An improved durum crop, 804,000 tons versus 497,000 in 1983, accounts for the bulk of production. Bread wheat comprises the remainder, with production of 396,000 tons. Coarse grains production also improved, reaching 683,000 tons.

Plan Seeks Higher Grain Output

The second 5-year plan (1985-89) gives priority to the development of the High Plateaux and the deep South by increased industrial investment and urban construction. The Government is alarmed by the increasing population concentration in the northern coastal cities, and seeks to stem further migration by creating poles of development in the South.

Agriculture is also a priority. Algeria is concerned about its rising dependence on food imports, which now accounts for 40 percent of domestic consumption. In 1984, domestic grain production covered 51 percent of consumption. The plan is for raising this to 54 percent by 1989.

Because Algeria is presently using virtually all of its arable land, funds are directed towards raising yields through improved water management—especially extending irrigated perimeters—and introducing new cultivation techniques. More agronomists and agricultural technicians are being trained and funds for foreign study in these fields have been increased.

Wages have been raised on State cooperative farms to abate the rapid attrition

of the farm work force, but this will hardly solve the farm labor problem Algeria faces. Most farm workers are over 50 years old, and more than 100,000 are expected to retire by 1989. The trend since the revolution has been for young men and women to leave the land for the city, and the challenge is to induce the young underemployed workers in northern towns to fill the growing agricultural labor shortage.

For specific commodity groups, the plan projects an increase in cereal yields and a decrease in cultivated area. Vegetable area is expected to more than double from its present 225,000 hectares to 540,000 hectares by 1989. Fodder crops, in short supply because of the rapid increase in the livestock sector, are also slated to expand from their current 722,000 hectares to 869,000 hectares.

There is little indication more State land will become private as occurred in the early 1980's. The emphasis appears to be on liberalizing markets by deregulating transportation, increasing credit to private farms, and easing price restrictions on some produce items. Bread and flour subsidies remain intact and taxes on imported luxuries have been boosted to cover the costs.

Supplier Competition Intensifies

As the Algerian market grows, supplier competition has intensified. Canada has been very successful in Algeria in recent years. Canada's Societe pour l'Expansion des Exportations (SEE) established a C\$542 million line of credit for Canadian exports in 1985, and exports to Algeria are reported to have increased from C\$380 in 1981 to C\$470 in 1984. Durum wheat leads exports, followed by rape and sunflower oil and nonfat dried milk. Canada is also involved in a number of major construction projects. Algeria has also signed bilateral trade and cooperation agreements with Czechoslovakia, Yugoslavia and Hungary covering construction and agricultural trade.

Tunisian-Algerian economic relations are expanding beyond the energy sector to include increased trade, transport, research, and industrial joint ventures. The Banque de Cooperation du Maghreb Arab, established in Tunis, will facilitate financing further joint efforts. Tunisia will likely become a major supplier of eggs and poultry meat.

A growing livestock herd and an greater emphasis on improved feed quality has made Algeria a major and growing market for coarse grains. For the 1984/85 marketing year, estimates put barley imports at 500,000 tons, primarily from France; and corn at 530,000 tons, 90 percent of U.S. origin, and the remainder from Argentina.

U.S.-Algerian Trade Prospects Improve

Early in 1984, the United States and Algeria signed a memorandum of understanding that provides for U.S. technical assistance for Algerian agricultural development. A U.S. team evaluated date palm and irrigated vegetable cultivation practices in the South, and a second team surveyed Algeria's livestock, poultry, and feed sectors. In addition, a U.S. Agricultural Trade Office was opened in Algiers to help expedite agricultural trade between the two countries.

In fiscal 1983/84, Algeria was offered \$160 million of blended credit for the purchase of about 900,000 tons U.S. wheat; however, the credit was not used. It appears that Algeria preferred to avoid increasing its external debt obligations and to engage in barter trade with its hydrocarbons.

In 1984, U.S. agricultural exports were off 5 percent to \$199 million--primarily because of lower grain prices. Grains accounted for 81 percent, including 596,000 tons of wheat, and 474,000 tons of corn, up 25 percent from the previous year. An \$8.5-million sale of U.S. almonds, \$18 million of tallow (34,000 tons), and 9,200 tons of sunflower oil were also recorded. Sales of U.S. pulses plummeted this year to less than \$3 million from 1983's record \$16 million; Turkish competition accounts for much of this loss.

Grain Imports to Rise

Per capita wheat consumption continues to rise in Algeria. This, combined with a population growth rate of 3.4 percent, is causing grain imports to increase. For the 1984/85 marketing year, Algeria is forecast to import 2.8 million tons of wheat: two-thirds will be durum; the balance, bread wheat. Imports for calendar 1985 will depend on the grain harvest, and so far, the rains have been good in the principal growing areas in the east. However, western Algeria has been drier

than normal and yields may be stunted unless ample rains arrive in late March and April. [David W. Skully, (202) 447-8458]

Egypt

Economy Bolstered By Remittances

Egypt's economy did better than expected in 1984, with considerable gains from remittances, industry, petroleum output, and agriculture. The economy became more diversified, with a smaller share from agriculture and a greater share from manufacturing and services. The standard of living improved as higher income for Egyptian workers in other countries stimulated wage hikes. The rising inflow of remittances, combined with subsidized prices for basic products, allowed Egyptians to enjoy a slight rise in purchasing power, and increased per capita income to \$725.

Housing shortages and import controls on consumer goods contributed to an inflation rate of about 15 percent, leaving a real GNP growth of 3 percent. Inflation would have been greater without the \$2 billion provided for food subsidies and over \$1 billion in energy subsidies. Unlike earlier years, petroleum accounted for little of the economic growth, but marked gains were recorded for construction, manufacturing, and services.

Total exports--led by petroleum and cotton--were sluggish at nearly \$4 billion. At the same time, total imports increased 10 percent to approximately \$12 billion; two-thirds were industrial products; the rest, agricultural commodities. The EC and the United States provide over half of Egypt's total imports. In 1984, total U.S. exports to Egypt declined 4 percent to \$2.7 billion, mostly because of smaller sales of wheat and flour.

Egypt's trade deficit rose 14 percent to \$8 billion, but it was covered by \$4 billion in remittances, \$2 billion in loans and grants, \$1 billion in Suez Canal tolls, and \$800 million in tourism.

Government regulations and careful management of foreign exchange allocations kept the current account deficit to less than \$1 billion and foreign exchange reserves were

maintained between \$650 and \$775 million. Increased borrowing and foreign aid contributed to the liquidity, and Egypt's foreign debt (excluding military items) rose to about \$19 billion. Concern about the rising debt caused the United States to increase grants to Egypt to about \$700 million in 1984, double 1982's.

Livestock Sector Expands

Agricultural production expanded about 2 percent in 1984, slightly better than in 1983. Once again, livestock provided the gains. Crop production remained steady as larger harvests of corn, oranges, and vegetables nearly offset the smaller wheat and rice crops. Cotton production at about 390,000 tons, was 7 percent below the poor 1983 harvest.

Total grain output rose 1 percent to 8 million tons. Wheat output declined 11 percent to only 1.82 million tons, as farmers with small fields in the Delta shifted to more profitable bersim and vegetables. Sustained progress through the Cereals Improvement Program contributed to a record corn harvest of 3.9 million tons, up 11 percent from 1983. Greater use of hybrid varieties, fertilizer, and improved cultural practices, contributed to higher yields.

Rice production declined 5-percent to 2.3 million tons of paddy. The lower yields were attributed to the problem with a Japanese variety "Riho," which was planted on over 25 percent of the area. This variety suffered a disease that prevented many kernels from filling, and reduced yields sharply in some areas.

Fruit production was a record 2.9 million tons. Rising prices and consumer demand contributed to greater output of fruits and vegetables in the last 3 years. Further gains are anticipated in 1985, as new orchards come into production. Vegetable output was near 9.6 million tons, with tomato output up 6 percent to 2.8 million tons from greater use of special varieties and fertilizer.

In recent years, milk and meat output increased faster than crop production, due mainly to greater use of imported feed and animals. Public projects in the desert areas include new dairies, feedlots for imported

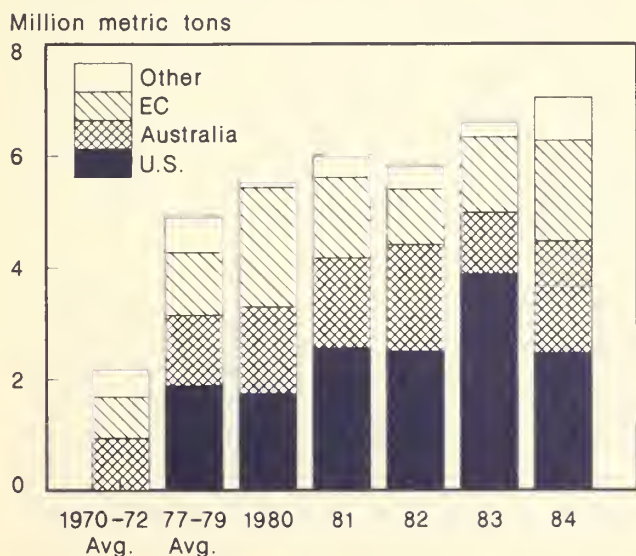
cattle, and poultry enterprises. The import of about 200,000 cattle from Europe for fattening hastened beef production to about 320,000 tons in 1984. Public agencies provide corn to specified feedlot operators and farmers at about \$60 a ton, compared with an import cost of \$145 a ton. Meat production in 1984 was estimated at 570,000 tons, including 160,000 of poultry meat. Milk production rose 4 percent to 2.2 million tons. Nevertheless, imports still account for a third of consumption.

Record Agricultural Imports

Despite policies to limit food import growth—including stringent regulations for foreign exchange allocations, and ceilings on average import prices paid—food imports continued to rise. In 1984, a combination of lower competitor prices, special trade arrangements, and changes in the U.S. credit mix, led to record agricultural imports of \$4.1 billion. Australia, the EC, and Latin America accounted for most of the growth. The U.S. share declined from a 40-percent peak in 1974 to only one-fifth in 1984. The mix of U.S. agricultural exports to Egypt is constantly changing, reflecting U.S. credit arrangements, lower competitor prices, and changes in import policies.

Last year, Egyptian imports of wheat and flour rose to an estimated 7 million tons (wheat equivalent), from 6.6 million tons in 1983. Demand for imported wheat continues

Egypt's Imports of Wheat and Flour



to grow because subsidized bread continues to be sold for only 3 cents a pound, and per capita wheat output is declining. Most of the rice shortfall will be met with wheat products. Animal feed shortages also appear to be accelerating the use of corn for feed, and reducing the consumption of cornbread thus increasing the demand for subsidized wheat bread.

The U.S. share of the combined wheat and flour market increased from 43 percent in 1982 to a peak 58 percent in 1983. It fell to 33 percent in 1984, however, as the special payment-in-kind (PIK) arrangement for 1.07 million tons was not repeated. In addition, the U.S. faced stiff competition from Australia, the EC, and Canada. Australia's wheat exports doubled to 2.2 million tons, bringing its share to 32 percent in 1984.

The Australian Wheat Board provides short-term financing, and over the next 5 years expects to deliver annually about 2 million tons of wheat to Egypt. EC exports of wheat and flour (in wheat equivalent) to Egypt increased in 1983 and again in 1984 to about 1.7 million tons, led by a fivefold increase in French flour deliveries, to 909,000 tons. In 1983, the U.S. wheat flour arrangement took up the slack left by the Australian drought, but did not make a big dent in overall EC sales. EC gains for wheat exports to Egypt in 1983 more than offset the temporary decline for wheat flour, and EC'S share remained at one-fifth of the market. Canada's wheat sales in 1984 rose to 616,000 tons, from 118,000 tons in 1983. Argentina's 1984 deliveries of 77,000 tons were triple the 1983 volume.

Egypt could be importing more feed grains, but the Government loss of \$100 a ton for handling imports serves as a major barrier to larger imports. Theoretically, doubling the Government's delivery price should reduce demand. But in Egypt, with three "meatless" days and rising demand for livestock products, it would contribute to a rise in feed grain imports.

U.S. corn exports to Egypt in 1984 were 1.53 million tons, down 4 percent from the previous year. Purchases in 1985 will depend on the Commodity Import Program (CIP) financing, where about \$70 million is expected, compared with only \$14 million in GSM 102 credit guarantees. Argentine

shipments doubled to 185,000 tons in 1984, and Argentina's share is expected to continue rising.

In 1984, vegetable oil imports remained at 325,000 tons. Purchases of U.S. cottonseed oil rebounded 13 percent to 50,000 tons, following the 72-percent decline in 1983 when changes in CIP financing occurred. Prior to 1983, CIP loans were commodity specific, and large sums were allocated for vegetable oils through long-term loan. However, the change from loans to grants no longer tied funds to specific commodities and left out U.S. vegetable oils. Imports of Argentine sunflower oil increased to over 50,000 tons. In 1985, imports of Brazilian and EC soybean oil are scheduled to decline sharply as new Egyptian crushing facilities use more imported soybeans. Egypt has received \$25 million of GSM 102 credit for soybeans which could increase U.S. exports to six times the 1984 level of 17,596 tons.

Agricultural Exports Becoming More Diversified

Egyptian agricultural exports became more diversified recently as larger exports of oranges, potatoes, tomatoes, and winter vegetables to Europe and Saudi Arabia helped offset smaller cotton sales. Cotton's share in the export mix dropped to 50 percent in 1984, compared with 62 percent at \$684 million in 1983. The USSR resumed purchases in 1983 and was again the top buyer in 1984. Egypt receives about \$3,000 a ton for long staple cotton sold to the Soviet Union, and buys cotton through GSM-102 credit from the United States for about \$1,500 a ton. Egypt is also sending more oranges and onions to the Soviet Union, a market for a fourth of its agricultural exports.

U.S. Credit To Boost Sales

In 1985, further gains in grain production are likely, as wheat and rice output recover, and corn output continues to rise. Greater use of improved varieties should bolster production of fava beans, tomatoes, and melons. U.S. agricultural exports may reach \$1 billion, mostly because of gains for cotton and tobacco through credit arrangements.

Cotton sales are expected to reach \$100 million through GSM-102 credit with \$50 million already purchased, and the remainder

under negotiation. Tobacco sales will rise to \$75 million, which includes some tobacco shipped in late 1984. U.S. wheat and corn sales are expected to remain sluggish because of intense competition, and total Egyptian grain imports may show little change, following 2 years of strong gains. Imports of dairy products are expected to continue their sharp upward trend and the \$48 million in sales of butteroil and cheese from CCC stocks will increase the U.S. to share in this growing market dominated by the EC.

In 1984, beef imports increased 17 percent to 164,000 tons. Increased purchases of inexpensive EC and Latin American beef is expected to push beef imports to 200,000 tons in 1985. The average price for beef delivered by EC and Latin American suppliers to Egypt is less than \$1,700 a ton, far below the U.S. average export price of \$5,400, mostly consisting of special cuts used by the hotel trade. In 1985, frozen poultry imports should be 145,000 tons because of favorable prices in Brazil and the EC, and U.S. credit for \$25 million GSM-102 for poultry parts. Some increase in U.S. sales of vegetable oils and soybeans are expected, depending upon competitors prices and the availability of credit. [John B. Parker, (202) 475-3453]

Morocco

War, Drought, and Debt Problems Continue

Austerity measures adopted by Morocco in the summer of 1983 have begun to show some positive effects. The balance of payments deficit in 1984 was reduced 14 percent from 1983, buoyed in part by higher worker remittances—primarily from France, and increased demand for phosphates and phosphate derivatives. Preliminary estimates reveal a real GNP growth of 0.4 percent compared to 1983, and inflation of 12.9 percent.

The riots in January 1984, caused in part by rumors that bread subsidies would be reduced, were calmed by the King's promise not to raise prices and to assure an ample bread and other staples in retail markets. A severe crackdown on price infractions followed, which had a moderating influence on food prices. Although politically popular, the

maintenance of food subsidies--primarily for bread, sugar, and vegetable oil--is a drain on the Government budget, especially in light of the decline of the Moroccan dirham relative to the U.S. dollar.

The war in the Western Sahara between Morocco and the POLISARIO, the organization supporting an independent state in the territory of the former Spanish Sahara, has dragged on since 1976. While the war still commands public support, it is a considerable burden on Morocco's resources. Widely voiced support among the members of the Organization of African Unity (OAU) for the POLISARIO prompted Morocco--a charter member--to leave the organization. Recently the war has heated, hindering relations between Morocco and Algeria and Mauritania--POLISARIO supporters. A combination of Moroccan-Algerian rivalry, and a concern about its weak financial condition, apparently led King Hassan II to undertake an alliance with Libya. This was a surprise and raised diplomatic eyebrows. It appears, however, to be a primarily economic alliance, with inflows of Libyan capital and oil and a Moroccan outflow of skilled workers to Libya.

Grain Output Rises

In 1984, Morocco's grain production rose 9 percent to 3.7 million tons over 1983's poor harvest of 3.4 million tons. The last good crop was 1982's 4.7 million tons. Wheat production at 1.99 million tons was about the same as in 1983. Durum wheat accounted for 1.17 million tons, with an average yield of 950 kilos per hectare, bread wheat production was 818,000 tons with yields of 1.115 tons per hectare. Barley production increased 14 percent to 1.4 million tons, with yields reaching 661 kilos per hectare. Corn production was off 10 percent to 234,000. A 13-percent reduction in area accounts for the decline, because yields were up slightly to 610 kilos per hectare.

Citrus Harvest Good, But Earnings Poor

Improvements in the technology of harvesting late variety citrus is cited for 1984's 1.02-million-ton production, 10 percent over the 1983 crop. However, poorer average quality product and the continued recession in Europe inhibited exports. Shipments fell 10 percent to 541,000 tons: 408,000 were oranges;

132,000, tangerines. Export prices fell between 6 and 25 percent, depending on variety, cutting needed foreign exchange earnings and resulting in a larger-than-normal domestic supply--500,000 tons--which lowered producers' revenues. The quantity of fruit processed doubled, reaching 156,000 tons.

Cotton procurement prices were boosted across grades and area expanded to 10,700 hectares. Production increased to 6,500 tons. Cotton imports fell to 8,545 tons from 1983's 14,458 tons; U.S. sales were off 10 percent to 4,697 tons.

Trade Policy Opens Economy to International Competition

As part of an effort to privatize the Moroccan economy, the Office de Commercialization et D'Exportation, the national export office, is slowly being dissolved. OCE is no longer the exclusive export agent for preserved agricultural products. Its marketing responsibilities are being assumed by the many private, Moroccan agribusiness trade associations. OCE's role as a guarantor of high-quality export produce and observer of the European market has given Morocco a significant edge in the EC market relative to other suppliers.

The scheduled entry of Spain into the EC in 1986 is cause for great concern in Morocco's export produce sector. The EC's tariff structure is biased against Spanish exports--Morocco's premier rival--and gives Morocco an after-tariff comparative advantage. Spain's entry will effectively shut out Moroccan agricultural exports--primarily citrus and off-season vegetables. Expanded sales efforts to non-EC Europe, Eastern Europe, and the Middle East are likely in the coming years, although competition for these markets is intensifying.

Moroccan import policy was liberalized in July 1984. Duties were reduced to a maximum of 60 percent ad valorem. The range of products for which import licenses and deposits are required has been reduced; benefited products include wheat, wheat flours, processed potato products, butter, vegetable oils, and rendered fats. The aim is to make Moroccan products more competitive.

Incentives Nurture Agriculture

In response to the distress caused by several years of poor weather, the King exempted the agricultural sector from taxes until the year 2000. Larger commercial farms will be the prime beneficiaries of this measure, because poorer farmers rarely earned enough to be taxed. Farm loan repayment schedules were extended and conditions for loan qualification were relaxed. The agricultural investment budget was increased 10 percent. Part will fund a series of infrastructure grants targeted to improve water distribution through new wells and pumps. Perhaps most importantly, the Government commodity support prices were announced in November 1984, instead of in May as is usual practice. This announcement, before planting, will help reduce risk and boost the supply response to higher prices.

Credit Crucial to Agricultural Trade

Moroccan wheat imports reached 2 million tons in the 1983/84 marketing year. Because of Morocco's precarious financial condition and its increased imports needs, it has not paid cash for wheat imports since 1981. All wheat is imported on credit. Moreover, Morocco has ceased purchasing high price durum wheat and imports exclusively soft red winter wheat, generally the least expensive. Consequently, per capita consumption of durum has fluctuated widely in

recent years, declining to 40 kilos per capita in 1984. This has forced substituting durum with bread wheat, whose consumption and imports have risen.

In 1978/79, France was Morocco's primary wheat supplier with a 76-percent share of the market. Since 1981, the United States has increased its share steadily through the use of blended credit. Total wheat financing, including PL 480 title I, has increased from \$76.3 million in fiscal 1981 to \$290 million in fiscal 1985. Currently, \$250 million in blended credit financing for fiscal 1985 has been suspended because of the U.S. court ruling requiring such shipments to be made under cargo preference rules.

During this same period, France, through the French Overseas Credit Agency (COFACE), has contracted its line of credit to Morocco because it views Morocco as a high-risk borrower. The tight financial situation has also altered Morocco's grain inventory policy. Stock levels have been lowered to about 200,000 tons, approximately one month's consumption. Each month the grains office tenders for about 200,000 tons for 90-day delivery. Consequently there is little slack in the wheat pipeline and demand is inelastic. In the absence of increased credit, Morocco may be forced to curtail its wheat imports because of limited foreign exchange.

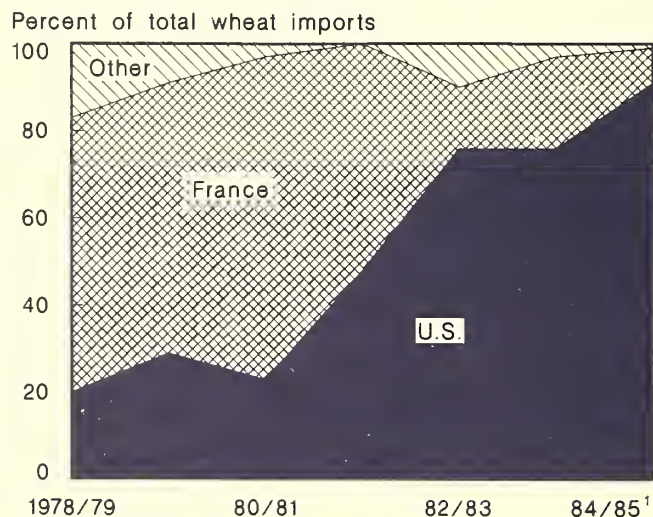
U.S. Agricultural Exports Double

U.S. agricultural exports to Morocco doubled to \$396 million in 1984. Shipment of over 2.5 million tons of wheat accounted for \$352 million of the total. Sales of 95,000 tons of corn, 43,000 tons of barley, and 14,000 tons of sorghum were also recorded. The drought in the south of the kingdom and the severe shortage of feed induced this unusually large purchase of coarse grains. Morocco cut its purchases of U.S. rice from 26,000 tons in 1983 to a mere 13 tons in 1984, and imports of tallow fell to half their 1983 level to 3,442 tons.

Outlook for Grain Harvest Not Favorable

The relatively wet winter of 1984/85 forecast the long awaited break from the drought which has afflicted the kingdom since 1981. Rainfall was above normal in the early

Moroccan Wheat Market Shares



winter, but during February and March precipitation was 40 percent of normal. If dry weather persists through the heading stage in April and May, the grain harvest could fall short of 1984's 3.7 million tons, and perhaps be as low as 1983's disastrous output. Wheat production could be as low as 1.5 million tons. Wheat imports may rise if credit is available. However, because of Morocco's difficulties in servicing its current debt to the United States and the shipping obstacles of the blended credit program, U.S. market share will likely decline. [David W. Skully, (202) 447-8458]

Tunisia

Economic Growth Continues

Despite the inauspicious bread riots that marred the first days of 1984, the Tunisian economy finished the year with an impressive 5.5-percent real GDP increase. Agricultural production improved substantially over the previous year, rising to 15.5 percent of GDP. Inflation, at 8 percent, was up slightly from 1983's 6 percent. Expansion in agriculture, construction, and light manufactures accounted for most of the growth.

Rain in early spring returned agricultural output to normal levels, showing a 12-percent value increase over 1983's drought-depressed production. Petroleum export volume declined slightly, but the dollar-denominated revenue increased in buying power because of the decline of European currencies vis-a-vis the dollar. Tunisia's export sector fared poorly because of European protection of its textile and footwear markets. The riots and the prolonged recession in Europe dampened Tunisia's tourist receipts for yet another year.

Financial Problems Persist

Many of the maladies that precipitated the January 1984 riots persist. Subsidies on bread and other staples remain in place and burden the Government budget. Unemployment remains high and labor agitation for higher wages is frequent. The growth in foreign debt and debt service has been brought under control. Tunisia is avoiding commercial rate borrowing and relying on subsidized credit or barter agreements to finance its foreign commerce. Creditors still have confidence in Tunisia,

demonstrated by the Central Bank of Tunisia's negotiating a \$130-million loan in November 1984, with a 4-year grace and a sliding interest rate not to exceed 62 points over Libor. The Government is keeping a stringent hold on the budget; revenue was increased 15 percent and the deficit was kept below the 7-percent of GDP target in 1984.

Foreign Exchange Remains Scarce

The world recession has dampened the Tunisian economy. Protectionist sentiments in European nations have forced quotas on Tunisia's textile exports—an area of competitive advantage on which Tunisia has sought to capitalize. Remittances from Tunisians working in Europe—especially in France—have remained steady, but recent anti-immigration measures demanded by the increasingly xenophobic French Right, may crimp this flow of income and employment in the future.

The riots that swept Tunisia in January 1984 have underscored Tunisia's latent political tensions and may induce emigrants to keep their surplus earnings overseas. The riots also occurred when Europeans make their vacation plans. Tourist numbers had already been blunted by the 1983 currency restrictions imposed by French President Mitterand.

Although the strong U.S. dollar has hurt most LDC's balance of payments, Tunisia has benefited. Its primary sources of foreign exchange earnings, phosphate and hydrocarbon products, are dollar denominated, while the bulk of its imports are denominated in Francs, Lira, and Deutschmarks. Still, given its import needs, its foreign exchange flow has been and will likely remain tight.

Policy Goal To Reduce Subsidies and Raise Producer Prices

A goal of Tunisia's Sixth Development Plan (1982-86) is to cut consumer subsidies and increase producer price incentives. In 1982, many markets were liberalized, raising prices and alarming unions. Strikes in late 1982 brought back the costly food subsidies and initiated price controls. The short grain harvest of 1983 raised the subsidy cost further.

In December 1983, the Government faced with a growing trade and budget deficit,

announced an average 85-percent increase in the price of wheat and wheat products. This precipitated a week of rioting, which ended on January 6, 1984, when subsidies were restored. Retaining bread subsidies at their original level cost the Government an estimated \$225 million, and forced additional taxes on alcohol and selected imports to raise revenue.

In July 1984, wheat and bread prices were raised an average of 10 percent with no serious repercussions. A loaf of french bread still costs less than a dime, and a kilo of flour about 15 cents. Tunisia still relies on imports to cover over a third of its food needs--agricultural imports totaled \$600 million in 1984--and food self-sufficiency is behind the liberalization policies.

Bread Wheat Encouraged Over Durum

In 1984, a return to normal rainfall raised the grain harvest 11 percent. Although grain area contracted slightly, intensified input use--encouraged by the Government--such as high-yielding varieties, helped to boost yields. The average wheat yield reached 710 kilograms per hectare, up from 570 in 1983, but far below 1,220 achieved in 1982.

Higher wheat producer prices reflect a new attitude by the Tunisian Government. Traditionally, the durum wheat producer price has carried a premium over the bread wheat price, reflecting relative international prices. For the 1984 harvest, bread and durum wheat prices were set at the same, showing the Government's concern about the growing dependence on bread wheat imports and its wish to encourage its production even at the expense of the more valuable durum crop.

Consequently, durum imports should increase relative to bread wheats. This bodes well for the U.S. share in the Tunisian wheat market. The United States has dominated Tunisian durum purchases, with Greece the only other major supplier.

France is the primary U.S. rival in the Tunisian bread wheat market, and credit has been the major means of competition. For

fiscal 1985, the United States has made \$120 million of blended credit available. However, registration of sales under the program are currently suspended. In response, the COFACE has enhanced its credit blend, increasing the proportion of interest free lending and extending the payment schedule from 3 to 3.5 years. Given the import policy and competitive conditions, U.S. export credit is likely to be more effective for bread wheat than for durum.

Corn is imported solely for feed use. Corn and oilseed meals are subsidized to private feed mills, and with an appropriate but regulated margin, distributed to private poultry operators who purchase over 80 percent of all feed, and to feedlot operators who account for the remainder. The drop in corn imports between 1981/82 and 1982/83 was due to a substantial cut in the feedstuff subsidies. The cut appears to have been a means of driving inefficient producers out of business.

Tunisia is unlikely to shake down the sector by further cuts because the subsidies promise to yield a good return of foreign exchange as exports of eggs and poultry meat to Algeria and Libya expand. Tunisia imports half its dairy needs and substantial amounts of beef. Price incentives were given to cattlemen at the end of 1984 for increased domestic beef production, so the market for imported feed grains should continue to expand.

Olive oil production virtually tripled in 1984 to 150,000 tons, but a dry spell in early 1984 led to lower than average quality oil. Tunisia exports olive oil to Europe and imports soybean oil to blend with olive oil for subsidized domestic use. In 1984, 82,000 tons of soybean oil were imported, all from Spanish crushed U.S. beans. Citrus production rebounded 60 percent over 1983, to 220,000 tons. Ample rains so far this spring bode well for a good grain crop, but yields ultimately depend on precipitation in April and May. Citrus and olive oil production are both forecast to decline. [David W. Skully, (202) 447-8458]

SAUDIA ARABIA DRIVES FOR AGRICULTURAL SELF-SUFFICIENCY: A POLITICAL GOAL WITH HIGH ECONOMIC COSTS

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Abstract: Saudi Arabia, one of the world's largest food importers, has spent tens of billions of dollars during the 1980's on a highly publicized drive toward self-sufficiency in key agricultural commodities. Wheat production has increased tenfold, thanks to heavy subsidies, and exceeded domestic demand in 1984. Large production gains have also been achieved in poultry, vegetables, eggs, dairy products, and dates. However, overall dependence on imported foodstuffs has not diminished appreciably, and a few key suppliers still dominate over half of the market, with 70 percent of total agricultural needs still imported. Without large production gains, Saudi Arabia's dependence on imports would have been even greater. Declining oil revenues and a harsh climate pose as great constraints, and food imports of \$5.5 billion are likely to continue.

Keywords: Saudi Arabia, food imports, wheat production, production subsidies, consumer subsidies, import dependency.

Saudi Arabia's highly publicized drive for food self-sufficiency is fueled by its agricultural sector, which is the most rapidly growing sector in the Saudi economy. It is also the most dynamic agricultural sector in the Middle East. The Saudi Minister of Agriculture recently summed up the Saudi's agricultural goal in political terms. He said it was "to achieve a sense of food security so that we will no more hear such threatening slogans as 'a bushel of wheat--or a liter of milk--for a barrel of oil'."

This article reports on research that explores the costs of Saudi Arabia's current agricultural policies in the context of its equally strong commitment to provide low-cost domestic food supplies. Major findings show that:

- o While production has increased dramatically for some crops, Saudi Arabia has not yet decreased its dependence on imported foodstuffs, either in total trade, or in bilateral terms. Three suppliers (the EC, the United States, and Australia) account for over half of Saudi Arabia's agricultural imports bill of \$5.5 billion annually.
- o Although the combined costs of heavy production subsidies and widespread consumer subsidies are large (and

growing), the total costs are apparently not yet high enough to force policy adjustments.

- o That the high costs and natural resource constraints will increasingly force tradeoffs at the margin toward efficiency of resource allocation.
- o Despite production gains, food imports climbed from \$3 billion in 1979 to \$6 billion in 1982, and the U.S. market share has increased slightly.

Development Impressive But Costly

While Saudi Arabia has made substantial gains, it nevertheless remains one of the world's largest and most dependent food importers. To appreciate the significance of the food security objective, it must be understood that Saudi Arabia has one of the world's highest incomes, a population approaching 10 million, a climate hostile to agriculture, and food imports amounting to 70 percent of consumption. Thus, what the Saudis have achieved so far is impressive by any standard. In 1983, the agricultural sector achieved an annual growth rate of 10 percent, and currently contributes about 6 percent to the non-oil GDP. From 1974 to 1983, the real growth rate for agriculture averaged 6.7 percent annually, compared with a 4.3-percent

rate for the overall economy. During this span, the area under cultivation expanded from 150,000 to about 2.3 million hectares.

However, this growth has been concentrated largely in only five commodities: wheat, poultry, eggs, dairy products, and dates. Wheat production led the expansion as farmers responded to the Government procurement price of \$1,000 a ton, mushrooming from 3,000 tons to about 1.3 million tons in 1984 (figure 1), and thereby apparently satisfying domestic consumption.

Furthermore, production of eggs and dates now exceeds domestic needs. Rapid gains have also been recorded in broiler and dairy production, which now meet about 40 percent of demand. Date production has increased from 200,000 to 500,000 tons in less than 10 years, providing Saudi Arabia's only significant exportable surplus of any agricultural commodity.

Production Gains Reduce Imports Only Slightly

Per capita Saudi food imports are estimated to be the world's highest. For example, despite the doubling of poultry production in 2 years to 170,000 tons in 1984, Saudi Arabia still imported nearly 60 percent of its poultry requirements at an estimated cost of \$228 million (figure 2). Also, despite a doubling of vegetable production over a 5-year span to 2 million tons in 1984, nearly 1 million tons of vegetable imports were needed to

satisfy demand at a cost of about \$400 million (table 7). In fact, since 1978 food imports have remained a constant 12 to 14 percent of total Saudi imports.

There are several reasons imports have not declined significantly. Competition among crops for the limited land base has led to production declines in sorghum, barley, and millet, as wheat output has expanded. Government consumption policies (for example, food subsidies) have encouraged increased per capita consumption of many foods. Finally, high wages have impacted on food demand both directly and indirectly.

Food Demand Led by Expatriates

Food demand is led by rapidly rising consumption patterns along several different lines. For one, the majority of workers in Saudi Arabia are expatriates, drawn there from the Middle East, Asia, and Africa by high wages and a high standard of living. Their consumption preferences are as varied as their consumption levels are high. Further stimulating food consumption is the rapid development of infrastructure for the distribution of frozen and chilled foodstuffs such as meat and dairy products, and the expansion of restaurants and fast-food outlets catering to international tastes. A second factor stimulating food demand is the impact of large food subsidies used by the Government as a major mechanism to distribute income from petroleum earnings

Figure 1
Wheat

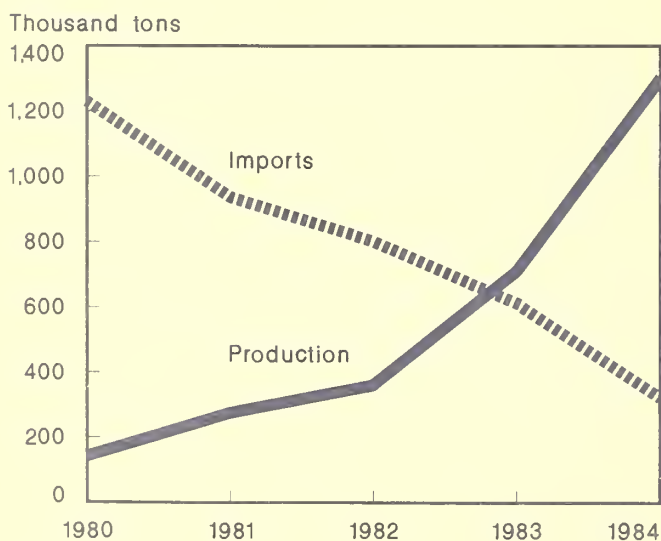
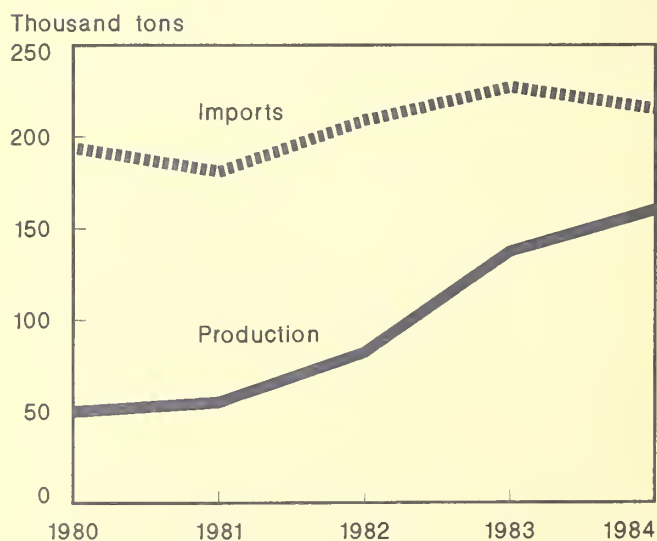


Figure 2
Poultry



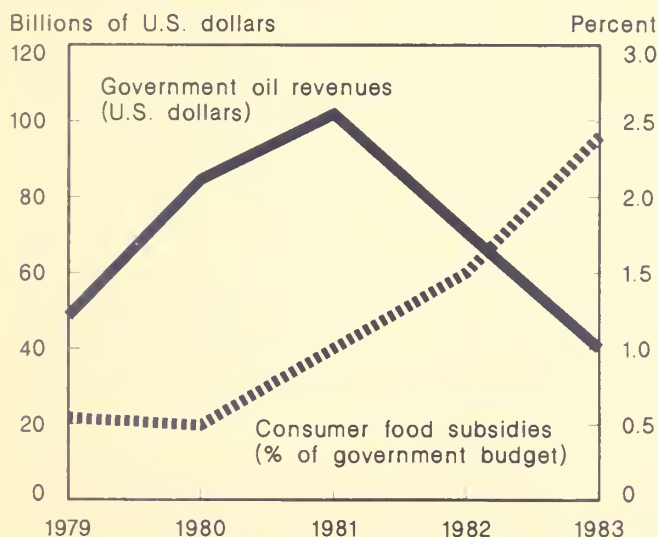
with the objective of promoting political stability.

Direct consumer subsidies in 1984 were estimated at 20 percent on milk; 25 percent, cooking oil; 15 percent, sugar; and 70 percent, bread. Furthermore, food prices are relatively stable. The retail cost of food, beverages, and tobacco together rose only 13 percent during 1977-84, while the overall consumer price index rose 22 percent. Direct consumer food subsidies (not including farming and processing subsidies) have increased rapidly in both absolute and relative terms, climbing to 2.4 percent of the total 1983-84 Government budget--up from only 0.5 percent in 1979-80.

During the last 5 years, these direct consumer food subsidies totaled an estimated \$4.7 billion. In fact, the subsidy portion of the budget has climbed steadily while oil revenues to fund the budget have steadily declined (figure 3). However, as food subsidy costs rise rapidly, Saudi Arabia remains in a position to maintain subsidies for political reasons, if the Government so desires.

Hence, while other major food importing nations in the Middle East (such as Egypt) now face policy adjustments to reduce domestic consumption, Saudi Arabia has not yet been forced to reduce subsidies, despite 3 consecutive years of GDP decline. Other consumer items that indirectly impact food consumption are also heavily subsidized, including water, electricity, and gasoline.

Figure 3
Government Oil Revenues and Consumer Food Subsidies



Medical care and education are free. Despite a sharp decline in petroleum revenues, all of these subsidies and free services are likely to continue, as the Government seeks to promote the high Saudi standard of living and the implicit political stability associated with prosperity.

Agricultural Progress Has High Price Tag

The tradeoffs involved in this rapid growth, however, are now becoming apparent. During the last decade, the Saudis have spent about \$40 billion on agricultural infrastructure and subsidized farm inputs. Elaborate subsidy systems have been established for consumers, importers, processors, and producers. Furthermore, the explosive wheat expansion has apparently been at the expense of production declines in sorghum, barley, and millet, and only slight gains in vegetable output (table 1).

Producer subsidies include free land grants, interest-free production loans, and 50-percent subsidies on imported farm machinery, seeds, and fertilizer. Subsidies on pesticides and air freight for imported dairy cows are 100 percent. But the subsidy that apparently most influenced wheat producers was the official procurement price of \$1,000 a ton, some seven times the world market price. If the total costs of subsidized inputs are added to the opportunity costs of interest-free production loans, the total variable costs alone for wheat production would approach an estimated \$1,300 a ton. Thus, Saudi wheat production is by no means based on the principle of comparative advantage.

The direct costs of Saudi achievements in agricultural production have been high in several dimensions: costs of imported inputs for the necessary infrastructure, subsidies for producers, natural environment costs, and the extra costs of using turnkey operations. A portion of the \$40 billion spent during the last 10 years on infrastructure and subsidized farm inputs is admittedly an investment in productive capacity (for example, plant research stations and animal breeding centers).

However, the majority of these expenditures are in recurring production costs, such as seeds, fertilizer, interest-free loans,

Table 1--Saudi Arabia: Production and area planted of main crops,
1976/77-81/82 1/

Crop	1976/77	1977/78	1978/79	1979/80	1980/81	1981/82
Wheat						
Area 2/	72	60	79	67	74	137
Production 2/	125	120	147	142	187	412
Sorghum 3/						
Area	273	302	371	350	173	105
Production	139	152	194	110	92	78
Barley						
Area	8	8	7	4	7	6
Production	14	15	16	5	6	5
Millet 3/						
Area	32	34	41	30	12	33
Production	13	13	13	9	8	11
Tomatoes 3/						
Area	18	16	20	18	13	21
Production	197	167	212	200	232	238
Dry onions						
Area	5	4	5	3	1	4
Production	106	95	118	59	14	56
Eggplant 3/						
Area	3	2	4	3	2	3
Production	25	21	29	25	20	24
Watermelon						
Area	14	10	15	16	13	20
Production	283	140	179	332	193	361
Dates						
Area	54	58	64	60	62	70
Production	382	411	416	342	372	421
Grapes						
Area	5	4	6	4	4	5
Production	42	56	53	57	61	78
Citrus fruits						
Area	4	4	5	5	3	n.a.
Production	25	29	31	40	39	n.a.

n.a. Not available

1/ Provisional.

2/ Area in thousand hectares; production in thousand metric tons.

3/ Includes both winter and summer crops.

Source: Central Department of Statistics, Ministry of Finance and National Economy, Kingdom of Saudi Arabia.

inflated procurement prices, and imported feed subsidies. Government production loans alone have risen from \$429 million in 1980 to \$1.6 billion in 1983. These interest-free loans, which totaled \$4.2 billion during 1979-83, compare with consumer food subsidies of \$4.7 billion during the same period. Most of the irrigation expenditures have been for imported center-pivot units and the deep-well pumps, which supply these units with underground water. Unlike gravity-flow irrigation systems, where heavy initial costs for dams and canals provide a system that can be marginally expanded for many years, center-pivot irrigation is much more expensive, and is virtually a variable cost. That is, if Saudi production of other crops is to be expanded, heavy additional irrigation costs will be incurred.

Further complicating the irrigation situation is the fact that center-pivot irrigation systems, although requiring very little labor, rely exclusively on deep-well (600 to 1,000 meters) pumps for water, and are the least efficient method of utilizing scarce water. This method of irrigation is apparently preferred for expediency without regard for long-term costs or consequences. Water in the deep Saudi aquifers will not be replaced by nature in the foreseeable future, and reports of the water level in wells dropping by 3 feet a month are common. Aquifers in the coastal zones have already been pumped to the point that the ensuing salt water intrusion has rendered them useless.

Annual available water resources are estimated at 2 billion cubic meters of

groundwater, 63 million from desalinization of seawater, and 40 million from treated sewage effluent. Although several recent studies indicate that Saudi Arabia's total water resources may be adequate for at least 50 years, certain production zones already face water shortages due to excessive pumping. Furthermore, many of the gains in wheat, dairy, and poultry production have been achieved by the use of turnkey operations based on imported technology, management, fertilizer, seed, and pesticides. The growth of reliance on imported agricultural inputs to achieve self-sufficiency in wheat is evident in table 2.

Saudi imports of farm machinery, pesticides, fertilizers, and seeds more than doubled during 1980-82 to \$466 million. Imports of U.S. farm machinery alone grew at 65 percent annually during the last 5 years, hitting \$313 million (not including irrigation equipment) in 1983. If the production of other crops is to be raised significantly, recurring expenditures for these imported production units will be necessary—with the notable exception of fertilizer. Two new fertilizer plants with an annual capacity of 1 million tons are expected to greatly reduce dependence on imported fertilizers by 1986.

Secondary Costs Also High

Indirect costs of the spectacular growth in wheat production have included significant declines in sorghum, barley, and millet output, just as the coarse grain needs of the rapidly expanding poultry sector increased (table 1). This has led in turn to increasing imports of

other grains (figure 4). The output declines are attributed to the farmgate and retail price distortions, which resulted from the artificially high wheat procurement price, as acreage was shifted from these crops to wheat.

Now that wheat self-sufficiency has been achieved, the official wheat price has suddenly been lowered from \$1,000 to \$571 a ton for the 1985 crop. Still more than four times the world market price, this apparently makes wheat profitable only for the largest and most efficient producers. With a reduced wheat subsidy, sorghum and barley could be the next targets for subsidies.

The likelihood of Saudi Arabia greatly enhancing food self-sufficiency by replicating the wheat experience in other major crops is debatable. With massive petrochemical plants (including fertilizer plants that will virtually eliminate the need for imported chemical inputs) coming online in 1986, water will remain the primary physical constraint to replication.

The proportion of available water consumed by agriculture increased from 78 percent in 1980 to 93 percent in 1982. The Government is completing a plan to allocate water to the competing sectors, and agriculture remains a high priority. The Saudis apparently do not yet perceive water scarcity as a serious impediment to agricultural expansion. However, regardless of water availability, duplication of the wheat

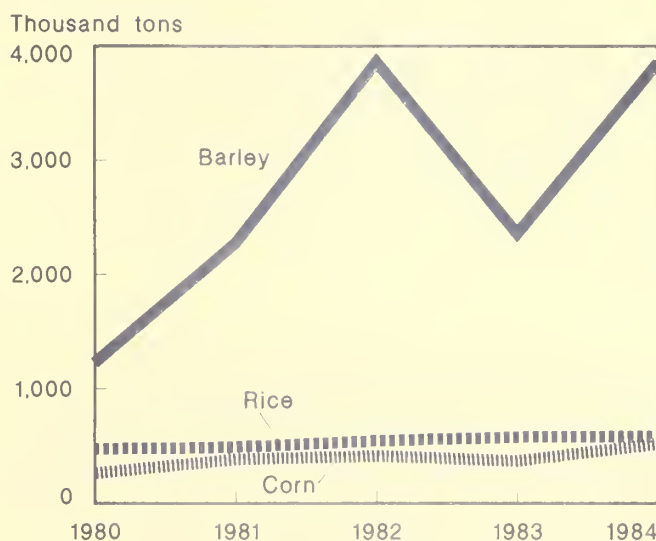
Table 2--Saudi Arabia: Imports of selected agricultural inputs

Imported item	1979	1980	1981	1982
Million dollars				
Farm machinery ^{1/}	103	160	268	343
Fertilizer, manufactured	8	19	27	39
Fertilizer, crude	3	4	12	12
Seeds	3	4	6	17
Pesticides	36	36	47	55
Total	153	223	360	466

^{1/} Does not include irrigation equipment.

Source: United Nations trade data.

Figure 4
Other Grain Imports



experience in other crops will be more difficult, requiring much higher labor inputs for planting, cultivating, harvesting, and post-harvest handling.

Oil Export Earnings Declining

The impact of further petroleum income reductions on agricultural development could be substantial. Petroleum income peaked at \$112 billion in 1981, and declined to \$47 billion in 1983 as prices fell and production was curtailed. Accordingly, GDP has contracted for 3 consecutive years. Real per capita GDP actually dropped 25 percent in 1982/83, an occurrence that would have seriously challenged most other nations. However, referring to this period of contraction as "normalization," the Government has promoted the growth of the private, non-oil sector and has maintained the purchasing power of the typical citizen by drawing down reserves. Interest income from foreign investments alone is estimated at \$20 billion annually.

The impact of declining oil income has been attenuated by winding down expenditures for major water, transportation, electrical power, and communications projects. With most physical infrastructure now in place, the new Five-Year Development Plan (1985-90) will shift emphasis to the "productive" sectors, including agriculture. Rapid progress in the creation of physical infrastructure was largely achieved through the Saudi preference for turnkey projects. However, to what extent this approach will be further applied to the private agricultural sector remains to be seen.

The Saudi's policy of redistributing income through consumption and import subsidies, while pursuing domestic self-sufficiency in key commodities, has maintained prosperity and stability. This policy is not likely to be curtailed, even at the expense of drawing down currency reserves.

Large Imports Will Continue

Despite the increasing cost of imported inputs needed for further agricultural development, and the distortions stemming from producer subsidies and exceedingly high procurement prices, Saudi Arabia will probably continue its dual policies: stimulating production of key commodities, while

simultaneously importing whatever foodstuffs are needed to satisfy domestic consumption. However, now that declining petroleum prices and Saudi budget deficits have constrained spending for physical infrastructure, agricultural self-sufficiency as a political goal will probably remain for the foreseeable future.

Because petroleum production has been reduced from 9.9 million barrels a day in 1980 to only 4.3 million currently, the proven Saudi oil reserves should last an estimated 93 years—compared with the 43 years at the 1980 pumping rate. This will allow the Saudis to extend development planning, and "rationalize" development of their agricultural sector if they so choose. Nevertheless, given Saudi Arabia's climatic constraints, it is highly unlikely that complete self-sufficiency in food will ever be achieved at any cost.

U.S. Market Share Increasing

Meanwhile, food imports continue to total about \$5.5 billion annually, affording an attractive market for U.S. exporters. The U.S. share of the Saudi market has actually increased slightly each year since 1980, averaging about 12 percent (table 3) or more than \$700 million. Other major suppliers are the EC with about 25 percent, and Australia with a growing market share, which exceeded 11 percent in 1983. Nor has the EC market share been diminished significantly by the Saudi production increases. Beyond these suppliers, the Saudi market is fragmented, with no other nation holding even a 5-percent share. Thus, the pattern of Saudi import dependency, both aggregate and bilateral, has not yet been significantly altered by production increases.

So far, Saudi Arabia's drive for agricultural self-sufficiency can only be seen as a qualified success. From the Saudi's perspective, the political value of achieving self-sufficiency in wheat, eggs, and dates may offset the costs. Furthermore, significant income redistribution has been achieved through food and services subsidies to consumers, thus furthering the goal of political stability.

Nevertheless, besides the direct and indirect costs already discussed, there is the opportunity cost. This cost is associated with

Table 3--Saudi Arabia: Agricultural imports from major suppliers and their respective market shares, 1979-83 ^{1/}

Country	1979	1980	1981	1982	1983 ^{2/}
Australia ^{3/} Share ^{4/}	239,228 7.8	326,482 7.2	453,051 8.1	625,435 10.4	600,000 11.2
Japan Share	120,383 3.9	133,380 2.9	161,984 2.9	121,924 2.0	118,000 2.2
Singapore Share	88,875 2.9	121,031 2.7	110,431 2.0	124,060 2.1	115,000 2.1
Sudan Share	88,508 2.9	171,988 3.8	183,181 3.3	209,315 3.5	100,000 1.8
Thailand Share	62,201 2.0	80,859 1.8	100,777 1.8	143,759 2.4	170,000 3.2
Turkey Share	48,010 1.6	66,396 1.5	148,323 2.7	219,601 3.7	215,000 4.0
United States Share	491,220 16.0	531,934 11.7	692,860 12.4	761,671 12.7	720,000 13.5
EC Share	894,230 29.1	1,312,071 28.9	1,561,055 27.9	1,481,496 24.7	1,440,000 27.0
Others Share	1,043,516 33.9	1,795,859 39.6	2,175,338 38.9	2,314,739 38.7	1,848,000 34.6
World total Share	3,076,000 100.0	4,540,000 100.0	5,587,000 100.0	6,002,000 100.0	5,326,000 100.0

^{1/} Including tobacco, tobacco manufactures, and beverages.

^{2/} Preliminary data.

^{3/} Imports in thousands of dollars.

^{4/} Market shares expressed as percentages.

Source: Derived from United Nations trade data and Department of Commerce data. Agricultural import data include such high-value items as tobacco manufactures, non-alcoholic beverages, and processed food ingredients.

resources poured into domestic wheat production when wheat (and other commodities, such as poultry) can be readily obtained on the international market for a small fraction of the Saudi production costs. Thus, while ignoring the principle of

comparative advantage, such economic costs can apparently only be justified from the political perspective of Saudi food security in a world which has seen economic boycotts applied to certain countries in recent years.

INCREASED COMPETITION AND DIVERSIFICATION CHARACTERIZE MIDDLE EAST AND NORTH AFRICAN MARKET

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Abstract: Agricultural imports by North Africa and the Middle East increased over 74 percent between 1979 and 1984, and are forecast at \$31 billion in 1985. The recent world recession has induced many new suppliers to enter the market, and nonprice competition, especially the use of export credit, is now a major determinant of market shares. This article surveys how the world recession accounts for much of the change in market structure and conduct. The value of the U.S. dollar will remain a major determinant of the U.S. share of the market.

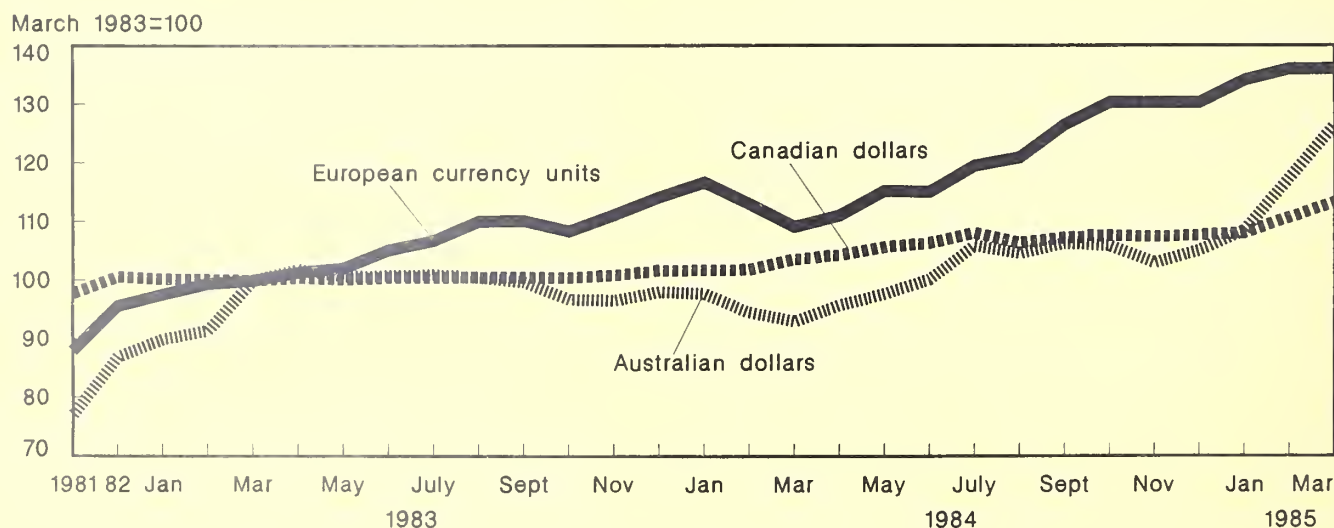
Keywords: Middle East, North Africa, credit, diversification, competition, concentration, exchange rates.

Introduction

The sustained high value of the U.S. dollar, high real interest rates, declining rates of inflation, lower primary commodity prices, and the increased real debt burden of debtors and debtor nations are all characteristics of the recent world recession (1979-84). These economic trends have stimulated increased competition for shares of the North Africa and Middle East market for agricultural goods. Many new suppliers have been induced to enter the export market to earn foreign exchange; and traditional suppliers have turned increasingly to non-price means--especially credit--to protect or expand their market shares.

A major news story of the last two years has been the decline of OPEC oil prices. While it is true that OPEC has reduced its dollar per barrel price, oil prices have increased in terms of other major currencies during the last two years due to the relative strength of the U.S. dollar. (figure 1) For many developing nations, especially those under pressure by creditors to devalue their currencies--Brazil, for example--this effective price increase has been much greater. The figure also reveals the buying power of a barrel of OPEC oil with goods denominated in various supplier currencies. Goods from nations whose currencies have declined relative to the dollar and oil prices

Index of OPEC Oil Prices



are likely to enjoy a cost advantage over U.S. exports.

Wheat, a Case in Point

Wheat, like petroleum, is quoted in U.S. dollars in international markets, and in 1984 the strong dollar raised the trade weighted dollar price of wheat to a record; while the price received by U.S. producers declined, squeezing margins. However, for competitors, whose currencies have declined relative to the dollar, the international price of their wheat in local currency has risen. Foreign producers' margins will increase, but only to the extent that devaluation does not raise production costs.

The world wheat market is an oligopoly: there are only five major exporters. Each is trying to increase its market share and to prevent price reductions. Consequently, there is a great deal of non-price competition. Except for Argentina, which has considerable debt problems of its own and must rely on prices alone to compete, credit has been the critical instrument for gaining market shares in the wheat market. Subsidized interest rates and extended payment schedules can greatly reduce effective prices.

Economic Contraction Breeds Competition

While OPEC's share of the world petroleum market has eroded considerably during the last decade, now only about a third

of world production, petroleum revenues are still substantial. In recent years, however, the rate of earnings increase has not kept up with the pace of expenditures, causing nations to become more cost-conscious. The stagnation of earnings has stimulated a contraction throughout the region. Although only 8 of the 23 nations in the region are members of OPEC, many nonmembers, such as Tunisia and Egypt, depend on oil exports for much of their foreign exchange earnings.

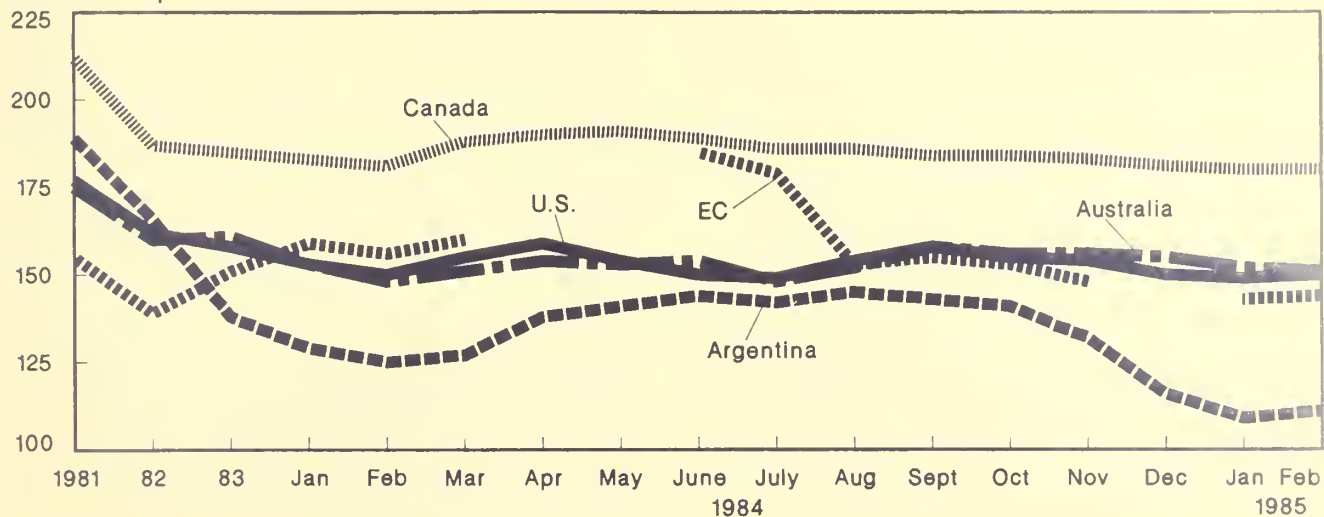
Moreover, as ambitious construction projects in the OPEC nations are cancelled or delayed, employment for foreign workers—usually from the Arab world or South Asia—falls, as do worker remittances. This has already adversely affected Jordan, Lebanon, Egypt, and North Yemen. Because this shortfall in export revenue is generally viewed in the region as a short-term phenomenon, nations have increasingly turned to credit to finance their agricultural trade.

Competition through Credit

The supply and terms of credit have become increasingly important in agricultural trade. The U.S. blended credit program has been extremely effective in boosting or maintaining the U.S. market share in several nations in the region, notably Morocco, Tunisia, Turkey, and Iraq. These successes, especially the 1-million-ton flour sale to Egypt in 1983, stimulated credit rivalry with EC exporters. COFACE, the French export

World Wheat Prices

U.S. dollars per ton



credit agency, has been particularly aggressive in matching or beating U.S. blended credit terms (e.g., Tunisia).

There are limits to credit rivalry, however. U.S. budget constraints have put pressure on the blended credit program. Similarly, COFACE has been more conservative in its lending than in former years--particularly to Morocco where French creditors are heavily exposed. Also, the blended credit offered in fiscal year 1985 may be jeopardized by the recent court ruling that exports under blended credit are subject to U.S. cargo preference. This would require that half of all shipments be carried in American bottoms, and could add as much as \$15 to the cost of a ton of wheat to a Middle Eastern buyer.

Debt and Barter Encourage New Suppliers

Large debt burdens have forced many nations to promote their exports. The purchasing power of developing countries depends on the nominal value of a few export commodities and on their debt service obligations. Debt repayments are fixed in nominal terms--often in U.S. dollars. When nominal export prices decline, debtor nations must market more of their exports to cover their debt repayments. Moreover, the value of petroleum, as noted above, has increased in terms of most primary products. Consequently, many debtor nations have intensified their search for new markets. Again, nations which have aggressively dealt with their debt problem through devaluation and export promotion--Brazil and Turkey for example--have had the greatest success.

Financially hard-pressed OPEC members have disrupted cartel discipline as they have sought to improve their foreign exchange position by covertly increasing output. Barter, because it exchanges quantities of oil for combinations of goods and services--often capital goods and military hardware and frequently with long delivery schedules--is an ideal vehicle to disguise the monetary value of a transaction. Several of the region's OPEC members have begun to insist on barter for a large proportion of their imports. Libya, for example, has used shipments of crude oil to settle its accounts with Turkey and Eastern European suppliers.

Suppliers who rely heavily on oil imports will likely have an advantage over more energy sufficient nations in entering into barter agreements with OPEC nations as they are more likely to share a coincidence of wants. Smaller developing nations in Africa and Southern Asia burdened by debt service payments and oil import needs, have benefited from the opportunity to conserve foreign exchange by trading their agricultural exports--especially tropical commodities--for petroleum.

While none of these smaller suppliers has gained a major market share, in sum their entry into the Middle East and North African market is displacing some traditional suppliers.

Food Security and Diversification

Concern for food security has also encouraged supplier diversification. Because so many nations in the region depend on imports for a major proportion of their food needs, they have attempted to diversify their sources of supply. Some countries have actively sought new suppliers. In Algeria, for example, long-term grain supply agreements are currently in effect with Argentina,

Indexes of Market Diversification

	Total Agri- culture	Cereals	Fats & Oils	Live- stock products	Dairy & eggs
Middle East					
1979	7.4	16.9	4.4	7.3	50.9
1980	8.9	13.9	11.2	14.2	52.8
1981	6.6	14.8	11.4	13.2	51.5
1982	5.1	12.9	7.6	14.1	46.9
North Africa					
1979	12.0	22.5	12.0	16.5	44.3
1980	14.6	26.6	10.7	39.0	42.3
1981	17.0	29.6	8.7	26.9	41.7
1982	8.9	21.8	5.6	16.1	31.9
Total					
1979	8.8	17.9	7.5	8.2	58.9
1980	10.6	17.9	8.7	17.7	58.0
1981	9.2	19.6	9.3	15.4	57.3
1982	6.1	15.7	5.6	13.5	49.7

Index = $H \times 100$; H is the Hirshman-Herfindahl Index which is expressed $H = \sum s_i^2$, where s_i = the market share of the i th supplier.

See Stigler, G.J., "The Economics of Information", Journal of Political Economics, June 1961.

Cereals, Market Shares of Major Suppliers

	US	EC	Canada	Australia	Argentina	Thailand	Pakistan	Turkey	Major 17	Other
Middle East										
1979	34	14	5	14	1	6	9	1	86	14
1980	24	20	5	16	1	8	8	1	84	16
1981	27	20	3	13	1	11	8	2	86	14
1982	24	17	5	17	4	8	4	3	84	16
North Africa										
1979	29	35	6	12	1	-	-	1	87	13
1980	26	43	8	11	-	-	-	1	90	10
1981	36	39	7	11	-	-	-	1	96	4
1982	31	32	7	12	1	-	-	1	86	14
Total										
1979	32	23	6	13	1	4	5	1	86	14
1980	25	30	7	14	-	5	4	1	87	13
1981	30	28	5	12	1	6	4	2	90	10
1982	27	23	6	15	3	5	2	2	85	15

Percentage terms.

'-' denotes a market share less than 0.5 percent.

Dairy and Eggs, Market Shares of Major Suppliers

	US	EC	Canada	Australia	Spain	Brazil	Major 17	Other
Middle East								
1979	-	71	-	7	-	1	85	15
1980	-	72	-	6	-	2	86	14
1981	-	72	-	5	-	1	83	17
1982	-	68	-	7	-	1	79	21
North Africa								
1979	-	66	4	-	3	-	77	23
1980	-	65	4	-	4	-	77	23
1981	1	64	3	-	3	-	75	23
1982	2	56	7	-	3	-	70	30
Total								
1979	-	76	2	5	2	-	90	10
1980	-	76	2	4	2	1	90	10
1981	-	76	2	3	2	1	87	13
1982	1	70	4	4	2	-	85	15

Percentage terms.

'-' denotes a market share less than 0.5 percent.

Bulgaria, Canada, France, and Greece. The United States is essentially a residual supplier. Saudi Arabia, likewise, has diversified its sources of canned goods and juices, now from approximately 40 nations, and is building up large domestic stocks.

Market Shares and Competitive Structure

To measure the degree of increased competitiveness in the region's agricultural goods market, Hirschman-Herfindahl ^{1/} indexes were calculated for total agricultural imports, and for the imports of grains, livestock and products, dairy products and eggs, and fats and oils. The data cover the years 1979-82 for 17 major suppliers to the region. ^{2/}

With only two exceptions--the Middle East and North African markets for fats and oils and for livestock and products--the indexes for all markets indicate a movement towards a more competitive market structure.

In most markets the indexes rise between 1979 and 1981 and then fall below the 1979 level in 1982. Data for 1983 clearly indicate a further decline in index values. This decline will likely continue in 1985 as more new entrants join the market. The OPEC oil price increase of 1979 and the subsequent higher

revenues account for the rise in the indexes between 1979 and 1981. The affects of the world recession on alternative suppliers surveyed in this article commenced in 1981, and account for the decline in the indexes in 1982.

The country writeups in this volume discuss many specific incidences of market diversification and increased supplier rivalry, so that the following is limited to highlighting major developments. Since 1979, Brazil and Turkey have gained the greatest share of the market. Their increased shares explain the two exceptions to the trend towards greater diversification noted above. Brazil has excelled in sales of livestock products--primarily poultry--and fats and oils, and supplied one-seventh and one-sixth, respectively, of the Middle East market in 1982. Turkey's share of the region's livestock market increased dramatically, from 4 percent in 1979 to 21 percent in 1982. Uruguay has also been successful with livestock exports, increasing its North African market share sixfold. These successes, particularly in the livestock market, are balanced by an erosion of the market shares of the United States, the EC, Australia, and Spain.

Strong Dollar Portends Export Difficulties

The high value of the U.S. dollar, the improved terms of trade between OPEC members and competing suppliers, the growing debt burden of developing nations, and the increased use of nonprice competition have contributed to the erosion of the market shares of the United States and the EC in the Middle East and North African market. The strong U.S. dollar portends marketing difficulties for U.S. agricultural products unless credit or other non-price means are employed aggressively. Conversely, a weakening of the dollar should improve the U.S. market share by lowering effective export prices in other currencies and easing the debt pressure on new suppliers. Regardless of the dollar's direction, nonprice considerations will likely remain key variables in the competition for the Middle East and North African market.

^{1/} The Hirschman-Herfindahl index is a standard measure of market concentration and is calculated by taking the sum of the squares of the market shares of all suppliers to the market.

^{2/} U.S., EC, Canada, Australia, Argentina, Thailand, Spain, Sweden, Switzerland, Austria, Pakistan, Turkey, Yugoslavia, Bulgaria, Uruguay, Hungary, and Brazil. Other suppliers are assumed to have very small market shares; consequently, their exclusion from the analysis should have a trivial impact on the index values.

Fats and Oils, Market Shares of Major Suppliers

	US	EC	Canada	Argentina	Spain	Turkey	Brazil	Major 17	Other
Middle East									
1979	1	16	-	2	11	-	7	41	59
1980	2	28	-	5	8	-	15	60	40
1981	2	28	-	-	12	2	15	60	40
1982	2	15	-	2	15	2	17	55	45
North Africa									
1979	15	20	1	11	21	-	4	74	26
1980	16	12	1	6	25	-	4	65	35
1981	16	19	2	1	11	-	11	61	39
1982	14	12	7	6	5	-	9	59	41
Total									
1979	9	18	1	7	16	-	5	58	42
1980	8	21	1	5	16	-	10	62	38
1981	9	23	1	-	12	1	13	61	39
1982	8	14	4	4	10	1	13	57	43

Percentage terms.

'-' denotes a market share less than 0.5 percent.

Total agriculture, market shares
of Major Suppliers

	US	EC	Cand	Aust	Turk	Brz	Major 17	Other
Middle East								
1979	12	23	1	6	2	2	55	45
1980	9	27	1	7	2	4	58	42
1981	9	23	1	5	4	4	52	48
1982	7	20	1	5	5	3	49	51
North Africa								
1979	14	31	3	4	1	1	64	36
1980	14	34	3	4	1	4	68	32
1981	17	37	3	4	2	5	74	26
1982	13	26	4	4	2	3	58	42
Total								
1979	13	26	2	6	1	2	58	42
1980	11	30	2	6	2	4	62	38
1981	11	27	1	5	3	4	59	41
1982	9	22	2	5	4	3	52	48

Percentage terms.

Livestock and products, market shares
of major suppliers

	US	EC	Aust	Arg	Turk	Urug	Brz	Major 17	Other
Middle East									
1979	4	16	18	7	5	1	5	62	38
1980	5	26	22	4	11	1	11	61	39
1981	5	24	16	3	17	1	13	62	38
1982	4	22	13	3	23	2	13	65	35
North Africa									
1979	25	29	5	11	3	1	1	79	21
1980	27	56	8	3	2	3	2	80	20
1981	20	45	3	7	11	6	5	89	11
1982	14	32	3	13	13	6	4	78	22
Total									
1979	10	20	15	8	4	1	4	66	34
1980	11	34	18	3	8	1	9	66	34
1981	10	30	12	4	15	3	11	70	30
1982	7	25	10	6	21	3	10	68	32

Percentage terms.

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Table 1--The United States: Total trade with the Middle East and North Africa by value

Country	Exports					Imports				
	1980	1981	1982	1983	1984	1980	1981	1982	1983	1984
Million Dollars										
Algeria	542	717	909	594	520	6,881	5,208	2,673	3,551	3,638
Egypt	1,873	2,146	2,875	2,813	2,700	572	412	547	302	169
Libya	509	811	301	191	200	8,905	5,476	512	1	9
Morocco	344	428	396	440	524	41	41	45	31	34
Tunisia	174	222	213	216	433	63	12	59	33	30
Total North Africa	3,442	4,324	4,694	4,254	4,377	16,462	11,149	3,836	3,918	3,880
Bahrain	198	294	219	135	142	17	38	31	23	54
Cyprus	70	85	86	54	73	7	5	3	15	28
Iran	23	300	121	190	162	478	66	585	1,130	700
Iraq	724	913	511	512	663	482	167	39	59	124
Israel	2,045	2,426	2,171	2,016	2,145	978	1,280	1,164	1,255	1,750
Jordan	407	716	618	430	298	3	2	7	5	4
Kuwait	886	929	941	741	602	521	91	40	130	260
Lebanon	303	293	292	483	285	34	20	19	17	7
Oman	95	180	173	175	163	363	369	334	360	160
PDR Yemen	7	6	8	7	62	19	1	1	1	16
Qatar	129	148	140	105	81	250	120	106	11	48
Saudi Arabia	5,769	7,123	8,830	7,906	5,445	13,468	15,237	7,443	3,627	3,741
Syria	239	143	138	112	104	28	87	10	8	2
Turkey	540	771	866	783	1,245	187	276	274	320	433
UAE	998	1,057	1,085	856	684	3,164	2,102	2,032	510	1,187
YAR	77	44	38	108	69	1	1	1	1	8
Total Middle East	12,510	15,428	16,237	14,613	12,223	20,000	19,862	12,089	7,472	8,522
Grand Total	15,952	19,752	20,931	18,867	16,600	36,462	31,011	15,925	11,390	12,402

Source: Bureau of the Census.

Table 2.—The Middle East and North Africa: Total agricultural trade with the region by the EC and the United States

	Total Agricultural Imports				EC Agricultural Exports				U.S. Agricultural Exports				U.S. Agricultural Exports			
	1982	1983	1984	1983	1982	1983	1984	1984	1982	1983	1984	1984	1982	1983	1984	1984
	Million Dollars															
Algeria	2,441	2,509	2,570	940	963	940	990	167	211	37.5	38.5	38.5	6.8	8.4	7.7	
Egypt	3,496	3,887	4,120	745	620	745	855	803	970	17.7	20.8	20.8	23.0	25.0	22.1	
Libya	1,340	1,515	1,600	394	394	429	473	12	6	29.4	29.6	29.6	0.9	0.4	1.0	
Morocco	1,196	1,027	1,300	190	316	190	212	161	208	18.5	16.3	16.3	13.5	20.3	30.5	
Tunisia	580	516	656	201	200	201	235	81	114	34.5	35.8	35.8	14.0	22.1	23.5	
Total North Africa	9,053	9,454	10,246	2,505	2,493	2,505	2,765	1,224	1,509	27.5	27.0	27.0	13.5	16.0	16.3	
Bahrain	207	214	224	64	58	64	70	9	11	28.0	29.9	31.3	4.3	5.1	3.6	
Cyprus	180	204	195	96	82	96	100	41	21	45.6	47.1	51.3	22.8	10.3	15.4	
Iran	3,600	3,560	3,670	519	462	519	630	30	1	12.8	14.6	17.2	0.8	0.0	0.1	
Iraq	2,535	2,857	3,085	273	577	273	520	132	342	22.8	9.6	16.9	5.2	12.0	17.3	
Israel	1,074	1,009	1,000	153	169	153	160	353	306	15.7	15.2	16.0	32.9	33.8	35.5	
Jordan	618	668	700	109	142	109	135	73	79	23.0	16.3	19.3	11.8	11.8	14.0	
Kuwait	1,470	1,580	1,610	196	219	196	210	36	69	14.9	12.4	13.0	2.4	4.4	3.2	
Lebanon	601	560	510	194	236	194	200	54	55	39.3	34.6	39.2	9.0	9.8	5.7	
Oman	337	381	415	77	64	77	81	5	10	19.0	20.2	19.5	1.5	2.6	1.9	
PDR Yemen	259	285	320	77	86	77	80	2	0	33.2	27.0	25.0	0.8	0.4	0.0	
Qatar	177	224	227	53	48	53	55	6	7	27.1	23.7	24.2	4	3.1	3.5	
Saudi Arabia	6,082	5,406	5,673	1,121	1,093	1,121	1,215	500	445	18.0	20.7	21.4	8.2	8.2	8.5	
Syria	597	788	900	183	188	183	270	48	19	31.5	23.2	30.0	8.0	2.4	4.2	
Turkey	314	257	500	63	48	63	65	65	35	15.3	24.5	13.0	20.7	13.6	57.2	
UAE	1,167	1,300	1,380	256	269	256	287	56	58	23.1	19.7	20.8	4.8	4.5	2.9	
YAR	770	803	809	182	203	182	188	18	73	26.4	22.7	23.2	2.3	9.1	4.4	
Total Middle East	19,988	20,096	21,218	3,944	3,944	3,944	4,266	1,428	1,532	19.7	18.0	20.1	7.1	7.7	9.4	
Grand Total	29,041	29,550	31,464	6,121	6,437	6,121	7,031	2,652	3,041	22.2	20.7	22.3	9.1	10.3	11.6	

* This figure excludes cigarettes, non-alcoholic beverages, transport trade, and high valued processed foods which Saudi Arabia includes in its agricultural imports.

Sources: Bureau of the Census, 1983 FAO Trade Yearbook, UN Trade Runs for EC countries, and ERS estimates.

Table 3--The United States: Agricultural exports to the Middle East and North Africa by value for selected items

	Total agriculture		Wheat and flour		Rice		Corn		Vegetable oils	
	1983	1984	1983	1984	1983	1984	1983	1984	1983	1984
1,000 dollars										
Algeria	211,104	199,236	104,791	98,729	27	21	49,008	52,230	11,570	6,142
Egypt	969,783	909,151	489,017	328,813	6	38	205,844	222,898	56,750	51,035
Libya	5,928	16,265	0	11,365	11	50	0	1,950	0	0
Morocco	208,461	396,042	175,377	357,663	7,244	14	3,894	12,791	5,030	3,105
Tunisia	114,183	154,028	77,970	128,338	36	114	32,012	23,832	2,982	0
Total North Africa	1,509,459	1,674,722	847,155	924,908	7,324	237	290,758	313,701	76,332	60,282
Bahrain	11,241	7,958	18	35	198	310	9	0	943	611
Cyprus	21,004	29,929	3,260	2,303	127	201	3,926	6,221	64	137
Iran	1,230	2,188	0	0	0	0	0	0	0	0
Iraq	342,455	534,844	184,020	170,508	111,296	182,461	7,696	48,475	0	138
Israel	306,011	333,503	62,745	88,122	121	148	50,363	28,071	1,264	1,005
Jordan	79,076	97,975	49,127	58,103	4,535	4,681	7,306	20,506	717	595
Kuwait	69,016	52,059	16,586	11,380	10,446	3,088	3,028	3,190	3,590	4,913
Lebanon	55,427	29,272	12,568	14,058	890	643	18,605	3,419	2,682	2,566
Oman	9,677	8,363	619	0	107	109	772	0	510	531
PDR Yemen	880	174	0	0	151	0	623	0	0	0
Qatar	7,421	7,506	569	35	2,029	3,602	0	0	665	623
Saudi Arabia	445,164	482,136	73,840	81,485	145,972	149,202	2,468	21,447	40,604	40,252
Syria	18,564	38,032	14	11,124	0	0	10,735	24,679	113	113
Turkey	34,686	285,720	0	139,059	9,320	7,989	0	28,361	6	5,568
UAE	58,139	40,013	269	231	2,463	2,433	3,872	2,437	3,853	3,013
YAR	73,334	35,865	54,667	15,238	13,497	16,017	1,512	2,685	0	65
Total Middle East	1,533,325	1,985,537	458,302	591,681	301,152	370,884	110,915	189,491	55,011	59,930
Grand Total	3,042,784	3,660,259	1,305,457	1,516,589	308,476	371,121	401,673	503,192	131,343	120,212

Source: Bureau of the Census.

Table 4--The United States: Agricultural exports to the Middle East and North Africa by quantity

	Wheat and flour		Rice		Corn		Vegetable oils	
	1983	1984	1983	1984	1983	1984	1983	1984
Metric tons								
Algeria	655,807	595,761	77	25	379,281	474,456	24,477	9,197
Egypt	3,339,682	2,051,013	6	33	1,586,165	1,537,484	96,618	72,459
Libya	0	64,963	18	89	0	12,600	0	0
Morocco	1,254,713	2,535,738	26,240	13	35,573	94,621	8,839	3,166
Tunisia	493,912	830,577	105	255	242,763	168,557	6,148	0
Total North Africa	5,744,114	6,078,052	26,446	415	2,243,782	2,287,718	136,082	84,822
Bahrain	69	69	338	548	63	0	539	302
Cyprus	19,916	14,196	140	239	28,373	41,655	62	85
Iran	0	0	0	0	0	0	0	0
Iraq	1,136,635	1,119,941	281,566	447,684	57,000	339,255	0	101
Israel	392,126	579,657	216	288	395,391	198,305	1,031	820
Jordan	305,554	382,433	12,058	10,416	61,016	149,467	505	415
Kuwait	101,280	74,640	25,613	6,686	23,790	20,802	2,652	3,754
Lebanon	79,191	90,440	1,031	861	140,495	26,971	2,851	1,487
Oman	4,372	0	174	153	6,290	0	719	686
PDR Yemen	0	0	254	0	3,191	0	0	0
Qatar	2,108	78	5,178	8,869	0	0	395	339
Saudi Arabia	280,835	246,289	281,169	267,679	22,129	143,978	32,306	32,301
Syria	22	74,904	0	0	82,217	164,745	78	72
Turkey	0	951,424	22,531	21,520	0	209,591	2	8,377
UAE	601	531	4,576	4,279	25,243	17,029	3,500	2,180
YAR	344,405	110,230	30,371	38,119	7,010	14,404	0	50
Total Middle East	2,667,114	3,644,832	665,215	807,341	852,208	1,326,202	44,640	50,969
Grand Total	8,411,228	9,722,884	691,661	807,756	3,095,990	3,613,920	180,722	135,791

Source: Bureau of the Census.

Table 5—The Middle East and North Africa: Imports of grains

	Wheat and flour			Rice			Feed grains			Total		
	1982	1983	1984 1/	1982	1983	1984 1/	1982	1983	1984 1/	1982	1983	1984 1/
1000 Tons												
Algeria	2,985	3,200	3,000	30	31	30	900	880	970	3,915	4,111	4,000
Egypt	5,692	6,600	7,040	7	8	2	1,297	1,680	1,787	6,996	8,288	8,829
Libya	775	665	600	70	55	53	343	365	340	1,188	1,085	993
Morocco	2,700	1,820	2,600	0	36	12	540	400	300	3,240	2,256	2,912
Tunisia	800	901	1,035	6	5	4	346	247	250	1,152	1,153	1,289
Total North Africa	12,952	13,186	14,275	113	135	101	3,426	3,572	3,647	16,491	16,893	18,023
Bahrain	28	46	43	35	22	19	10	18	20	73	86	82
Cyprus	80	58	60	5	3	2	357	396	370	442	457	432
Iran	1,830	2,500	3,500	625	650	710	1,392	1,505	1,300	3,847	4,655	5,510
Iraq	2,247	2,627	3,300	390	445	525	413	480	960	3,050	3,552	4,785
Israel	556	560	637	60	61	60	1,200	1,080	1,320	1,816	1,701	2,017
Jordan	402	425	430	38	52	40	180	190	290	620	667	760
Kuwait	251	291	278	105	115	118	205	212	220	561	618	616
Lebanon	360	270	300	30	26	25	225	240	180	615	536	505
Oman	84	107	110	115	133	135	17	26	30	216	266	275
PDR Yemen	197	202	180	60	50	55	16	22	24	273	274	259
Qatar	57	32	30	30	24	23	30	33	36	117	89	89
Saudi Arabia	811	747	365	547	581	585	4,962	3,040	4,555	6,320	4,368	5,505
Syria	227	1,204	1,250	110	150	145	340	100	285	677	1,454	1,680
Turkey	570	65	978	40	43	55	0	186	849	610	294	1,882
UAE	173	173	175	230	215	220	60	140	100	463	528	495
YAR	532	589	610	135	145	140	20	27	35	687	761	785
Total Middle East	8,405	9,896	12,246	2,555	2,715	2,857	9,427	7,695	10,574	20,387	20,306	25,677
Grand Total	21,357	23,082	26,521	2,668	2,850	2,958	12,853	11,267	14,221	36,878	37,199	43,700

1/ Preliminary

Sources: Country trade data and ERS matrix tables.

Table 6—Egypt: Agricultural imports by quantity and value

Commodities	1980	1981	1982	1983	1984	1980	1981	1982	1983	1984
1,000 tons						Million dollars				
Wheat	4,417	4,019	3,904	4,250	5,079	850	820	685	708	790
Wheat flour	724	1,399	1,280	1,719	1,401	234	390	315	350	385
Corn	944	1,384	1,214	1,680	1,723	172	230	155	250	295
Cottonseed oil	175	173	253	120	105	112	130	175	85	75
Soybean oil	37	108	38	70	40	40	78	26	45	25
Sunflower oil	40	47	38	83	125	25	25	20	60	57
Other vegetable oils	19	27	35	40	55	16	21	26	25	30
Butter, butteroil	39	44	30	49	59	75	96	71	110	125
Cheese	14	18	26	37	45	25	41	53	75	85
Preserved milk	32	48	67	87	97	25	75	81	122	135
Tallow	186	271	195	258	273	118	145	101	125	150
Tobacco	37	38	45	49	53	160	198	210	245	296
Tea	38	39	44	47	60	88	100	123	144	185
Coffee	4	7	9	11	12	4	17	27	31	35
Sugar	460	696	723	816	850	271	438	198	255	275
Beans, peas, lentils	106	196	111	65	50	53	110	75	27	22
Potatoes	22	27	38	45	50	3	3	6	6	6
Fruits & vegetables and preparations	60	88	67	98	89	93	135	119	155	160
Sesame	39	47	54	42	20	35	50	60	45	25
Soybeans	0	19	53	55	60	0	9	15	17	21
Beef	100	123	129	140	164	153	205	217	231	280
Mutton	13	9	6	15	12	12	20	12	21	18
Cattle, live (thous)	30	28	197	185	165	9	8	98	120	140
Sheep & goats, live (thous)	22	33	35	36	22	2	5	5	5	4
Wool	5	9	10	11	14	50	60	61	55	60
Frozen poultry	76	125	52	111	120	110	163	53	115	125
Canned meat	6	10	8	12	14	12	20	21	31	35
Others	NA	NA	NA	NA	NA	618	406	486	429	280
Total	NA	NA	NA	NA	NA	3,365	3,998	3,496	3,887	4,120

NA=Not Applicable

Source: U.S. Agricultural Counselor Reports, Cairo, and ERS estimates.

Table 7--Saudi Arabia: Agricultural imports by commodity, quantity, and value

Commodity	1980	1981	1982	1983	1984 1/	1980	1981	1982	1983	1984 1/
	1,000 tons					Million dollars				
Wheat	587	640	635	568	191	100	170	117	107	58
Wheat flour	462	214	128	129	125	211	83	49	45	39
Wheat equivalent 2/	1,229	937	811	747	365	311	253	166	152	97
Rice	475	492	547	581	585	279	335	313	347	348
Barley	1,229	2,275	3,860	2,358	3850	336	713	965	473	675
Corn	262	385	413	370	520	56	110	95	75	102
Sorghum	450	305	429	334	185	120	96	139	70	37
Bakery products	66	84	80	83	81	119	111	141	137	134
Other cereal products	19	23	24	39	47	23	25	25	13	15
Total cereals and products	3,730	4,501	6,155	4,378	5,592	1,244	1,643	1,844	1,267	1,408
Poultry meat	194	182	209	227	215	272	263	253	239	228
Beef	40	46	52	55	59	103	119	124	133	129
Mutton	24	33	31	38	43	58	78	72	78	83
Canned meat	8	9	10	12	13	20	20	24	27	32
Milk (preserved)	83	77	89	105	115	169	171	187	180	185
Milk (fresh)	36	25	5	2	2	40	40	5	3	3
Butter	23	18	20	23	25	54	47	57	63	67
Cheese	39	36	43	47	56	95	83	106	112	129
Eggs	17	15	12	6	3	23	21	19	11	5
Apples	75	93	107	138	155	44	61	60	75	85
Grapes	26	28	28	37	46	13	18	19	19	20
Bananas	135	138	146	148	152	39	46	54	60	61
Oranges	163	217	235	252	278	71	91	93	103	114
Pears	9	12	14	16	18	5	7	8	12	12
Peaches	11	16	24	29	37	5	7	9	12	14
Lemons	39	37	40	44	47	13	13	15	16	18
Canned fruit	16	14	16	37	46	15	15	16	38	45
Nuts and preparations	7	7	10	11	12	18	20	25	27	30
Fruit juices	252	206	204	219	225	183	162	160	155	180
Fresh vegetables	352	401	497	521	545	114	122	144	129	152
Canned vegetables	107	98	88	160	180	80	78	84	140	170
Pulses	73	42	45	70	75	12	20	21	30	32
Sugar	292	468	451	411	475	218	366	285	129	140
Tea	16	17	18	18	22	62	68	59	75	118
Coffee	11	17	22	23	25	55	65	60	69	85
Nonalcoholic beverages	329	254	202	150	130	144	138	110	65	53
Spices	16	14	19	20	22	85	105	150	113	146
Tobacco products	23	27	32	36	38	240	290	312	322	375
Soybean meal	96	120	170	165	210	41	55	65	68	76
Vegetable oils	155	176	162	170	195	161	162	135	168	190
Live sheep (nos)	3,971	5,946	6,211	6,050	6,170	315	498	665	659	685
Live cattle (nos)	72	134	160	90	110	42	66	130	45	55
Other	NA	NA	NA	NA	NA	487	629	632	684	548
Total	NA	NA	NA	NA	NA	4540	5587	6082	5406	5673

NA=Not applicable

1/ Preliminary estimates.

2/ Wheat flour multiplied by 1.39 equals wheat equivalent.

Sources: Foreign Trade Statistics of Saudi Arabia 1980-83 and ERS estimates.

Table 8---Iraq: Agricultural imports by quantity and value

Commodities	1981	1982	1983	1984*	1981	1982	1983	1984*	1983	1984
	1,000 Tons				Million dollars				Unit value	
Wheat	1,621	1,914	2,260	2,875	350	386	414	518	183	180
Wheat flour	87	240	205	300	29	64	53	78	259	260
Rice	351	370	440	525	193	175	220	256	500	488
Barley	115	165	260	541	23	30	40	86	154	159
Corn	200	75	195	352	36	12	38	59	195	168
Soybean meal	115	43	95	240	28	11	24	51	253	213
Beef	24	80	84	92	45	152	160	178	1,905	1,935
Mutton	31	25	40	52	66	42	50	60	1,250	1,154
Frozen poultry	173	140	122	107	268	201	160	110	1,311	1,028
Offals, edible	1	3	4	4	2	5	7	8	1,944	2,000
Canned meat	7	9	12	20	16	19	27	40	2,177	2,051
Milk, dry	48	35	44	48	115	81	113	115	2,568	2,396
Milk, condensed	6	4	7	7	10	6	9	10	1,385	1,429
Butter	10	5	9	9	23	11	21	23	2,414	2,556
Cheese	21	28	28	30	36	41	55	59	1,993	1,967
Eggs	52	47	48	49	42	68	67	70	1,411	1,429
Potatoes	18	36	44	48	5	9	11	12	250	240
Tomatoes, fresh	19	34	41	44	2	4	5	7	122	159
Onions	17	23	26	30	4	4	5	6	192	200
Oranges	18	38	43	47	8	16	20	22	465	468
Lemons	6	4	7	6	7	7	7	7	971	1,167
Bananas	5	12	18	13	2	5	6	4	306	308
Apples	92	95	94	99	53	57	56	58	596	586
Grapes	3	4	4	5	2	2	2	2	450	444
Raisins	6	6	7	8	6	6	6	6	849	766
Pears	3	5	5	6	2	2	2	2	389	351
Pulses	46	51	49	53	32	34	27	35	551	660
Palm oil	109	186	155	160	72	111	16	92	100	572
Sugar	517	462	523	555	249	175	173	178	331	321
Canned fruit	24	21	24	26	25	29	32	34	1,311	1,318
Tea	31	34	32	36	8	88	90	115	2,830	3,194
Chocolate	1	1	1	1	2	3	3	4	3,091	2,917
Tree nuts	53	12	14	15	42	24	27	20	1,915	1,333
Tobacco	6	7	8	7	25	32	37	33	4,744	5,000
Peanuts	1	1	2	2	1	2	2	3	1,176	1,136
Cotton	18	22	24	23	36	34	38	42	1,583	1,826
Cattle (nos)	7	17	24	27	10	23	30	32	1,250	1,185
Sheep (nos)	110	350	400	420	6	22	27	30	68	71
Other	NA	NA	NA	NA	118	542	777	622	NA	NA
Total	NA	NA	NA	NA	1,996	2,535	2,857	3,085	NA	NA

* Preliminary

NA=Not Applicable

Source: 1983 FAO Trade Yearbook and ERS estimates.

Table 9--Total exports and imports by Middle East & North Africa OPEC countries

Country	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984 1/
\$US Million											
EXPORTS											
Algeria	4,599	4,430	5,201	6,166	6,315	9,483	13,660	14,116	13,508	12,808	12,000
Iran	21,575	20,211	23,503	24,260	22,200	19,876	14,278	12,597	19,430	20,211	12,000
Iraq	6,600	8,297	9,272	9,649	11,061	21,500	26,278	10,530	10,250	9,785	11,400
Kuwait	9,854	8,644	9,844	9,801	10,427	18,242	19,842	16,299	10,864	10,508	14,200
Libya	7,129	6,098	8,306	9,759	9,498	16,085	21,919	15,576	13,954	11,397	10,900
Qatar	2,012	1,798	2,206	2,003	2,336	3,790	5,703	5,696	5,200	3,338	3,190
Saudi Arabia	30,991	27,737	36,437	44,061	37,914	58,751	102,259	113,406	76,247	47,814	45,000
UAE	6,392	6,879	8,684	9,637	9,126	13,652	20,678	20,234	17,261	15,011	14,600
IMPORTS											
Algeria	4,058	5,855	5,082	7,125	8,681	8,403	10,826	11,269	10,754	10,307	9,800
Iran	5,433	10,343	12,894	14,645	13,549	9,738	12,246	12,499	11,539	18,510	17,800
Iraq	2,371	4,215	3,471	3,899	4,213	7,230	14,067	20,922	21,728	12,275	12,400
Kuwait	1,552	2,390	3,324	4,840	4,595	5,200	6,529	6,978	8,282	7,479	7,800
Libya	2,762	3,586	3,212	3,773	4,603	5,311	6,777	8,015	8,305	7,392	6,900
Qatar	602	1,095	872	1,227	1,193	1,453	1,448	1,524	1,900	1,456	1,500
Saudi Arabia	2,857	4,214	8,695	14,656	20,349	24,257	30,166	35,268	40,653	39,198	38,800
UAE	1,705	2,669	3,327	5,048	5,364	6,952	8,746	9,646	9,440	8,356	8,500
TRADE BALANCE (Exports - Imports)											
Algeria	541	(1,425)	119	(959)	(2,366)	1,080	2,834	2,847	2,754	2,501	2,200
Iran	16,142	9,868	10,609	9,615	8,651	10,138	2,032	98	7,891	1,701	(5,800)
Iraq	4,229	4,082	5,801	5,750	6,848	14,270	12,211	(10,392)	(11,478)	(2,490)	(1,000)
Kuwait	8,302	6,254	6,520	4,961	5,832	13,042	13,313	9,321	2,582	3,029	6,400
Libya	4,367	2,512	5,094	5,986	4,895	10,774	15,142	7,561	5,649	4,005	4,000
Qatar	1,410	703	1,334	776	1,143	2,337	4,255	4,172	3,300	1,882	1,690
Saudi Arabia	28,134	23,523	27,742	29,405	17,565	34,494	72,093	78,138	35,594	8,616	6,200
UAE	4,687	4,210	5,357	4,589	3,762	6,700	11,932	10,588	7,821	6,655	6,100

1/ Preliminary

Source: International Financial Statistics, March, 1985.

Table 10--Algeria: Total imports, total agricultural imports, and imports by commodity group

	1977	1978	1979	1980	1981	1982	1983
1000 dollars							
Live animals	6,913	6,840	5,943	3,958	6,044	3,165	6,990
Meat & preps	28,134	23,721	26,712	43,442	52,243	69,709	79,283
Dairy and eggs	135,863	182,188	164,462	304,084	419,934	435,217	503,814
Hides, skins, furs, undrssd	11,820	6,778	4,830	7,449	11,866	12,831	8,729
Wool animal hair	7,568	9,859	9,356	4,901	5,599	315	8,501
Cereals and preps	355,590	510,979	573,354	789,281	731,494	866,965	678,250
Fruits and vegetables	89,735	79,192	164,870	156,627	141,679	155,703	185,544
Sugar and preps	165,170	106,228	137,497	310,767	397,018	190,486	188,771
Coffee, tea, cocoa, spices	229,954	286,122	217,252	292,750	265,576	151,128	238,738
Animal feed stuff	26,703	35,813	30,365	36,034	44,282	80,332	73,723
Misc food preps	2,676	6,129	7,679	12,023	16,603	13,354	20,121
Beverages	476	158	24	37	243	439	32
Tobacco unmd.	17,282	29,007	24,933	34,803	32,372	47,005	37,287
Tobacco mfrs.	1,971	2,364	3,191	4,135	3,167	4,562	4,137
Oilseeds nut kerens	31,590	37,154	15,380	27,530	29,071	17,370	10,619
Natural rubber gums	1,900	2,597	1,716	4,390	4,540	2,274	4,208
Cotton	18,547	12,052	22,879	22,220	38,956	46,764	42,271
Jute	685	1,713	1,644	4,175	1,235	3,452	4,336
Veg. fibre Ex. Cot. Jut.	1,989	1,325	1,435	3,023	1,683	1,269	1,188
Crude animal, Veg. Mat., Nes.	15,915	20,560	17,155	23,677	15,076	9,599	16,674
Animal, Veg, Oil Fat	127,163	132,399	183,129	188,203	199,400	169,236	155,263
Total agricultural imports	1,277,644	1,493,178	1,613,816	2,273,509	2,418,081	2,281,175	2,268,479
Total imports	7,101,867	8,666,747	8,406,650	10,524,498	11,302,272	10,679,396	10,331,886

Source: UN Trade Tapes, 1984.

Table 11--The Middle East and North Africa: Indexes of agricultural and food production

Country	1980	1981	1982	1983	1984	1980	1981	1982	1983	1984
Total agricultural production					Per capita agricultural production					
(1976-78 = 100)										
North Africa										
Algeria	112	109	110	103	117	102	96	94	85	93
Egypt	111	112	114	116	119	102	100	99	97	97
Libya	106	118	125	127	131	92	98	99	95	92
Morocco	107	86	111	102	105	98	77	95	85	85
Tunisia	110	118	133	126	143	101	106	116	107	119
Total	110	105	114	111	117	101	93	98	93	95
Middle East										
Cyprus	124	128	123	126	136	121	123	117	118	126
Iran	88	88	90	92	89	80	78	77	77	72
Iraq	100	96	104	102	93	90	84	88	83	74
Israel	103	101	113	115	115	96	93	101	101	100
Jordan	168	103	153	112	135	149	88	125	88	103
Lebanon	127	95	125	109	108	129	97	129	112	112
Saudi Arabia	108	130	160	211	267	94	109	130	166	204
Syria	132	118	121	122	96	119	103	101	99	75
Turkey	105	108	115	115	116	98	98	102	100	98
Total	103	103	110	112	113	95	92	96	95	93
Total food production					Per capita food production					
North Africa										
Algeria	112	109	110	103	117	102	96	94	85	93
Egypt	109	111	115	118	123	99	98	99	99	100
Libya	105	118	124	127	131	92	98	98	95	92
Morocco	108	86	111	102	105	98	76	96	85	85
Tunisia	109	118	133	125	143	101	106	116	107	119
Total	109	104	115	112	118	100	92	99	94	96
Middle East										
Cyprus	124	128	123	126	137	121	123	117	118	127
Iran	89	89	91	93	90	81	78	78	77	72
Iraq	101	96	105	102	94	91	84	88	83	74
Israel	101	96	110	111	112	93	87	99	98	97
Jordan	168	103	153	112	135	149	88	125	88	103
Lebanon	136	99	133	115	116	137	101	137	118	120
Saudi Arabia	108	130	160	211	267	94	109	130	166	204
Syria	145	128	127	122	94	131	111	107	99	73
Turkey	107	112	119	117	118	99	101	105	102	100
Total	104	105	113	114	114	96	94	98	97	94

Table 12—North Africa : Production of selected agricultural commodities

Country and year	Wheat	Barley	Corn	Rice paddy	Pulses 2/	Citrus Grapes	Fruit	Dates	Cotton	Cotton seed	To-bac-co	Sugar, raw	Milk	Wool	Meat
1/															
1,000 Metric Tons															
Algeria															
1976-78 avg.	991	584	1	1	108	335	336	199	--	--	4	--	575	18	147
1982	980	721	1	1	110	340	337	200	--	--	4	--	575	17	143
1983	794	444	1	1	105	315	329	190	--	--	4	--	570	18	146
1984	1,200	588	1	1	110	350	342	207	--	--	5	--	580	18	152
Egypt															
1976-78 avg.	1,952	128	3,485	2,370	292	308	1,482	417	424	679	--	718	2,088	5	534
1982	2,017	121	3,347	2,438	266	300	1,430	404	461	738	--	706	2,013	5	510
1983	2,025	120	3,507	2,442	301	310	1,485	420	419	674	--	746	2,080	5	521
1984	1,815	144	3,900	2,230	310	315	1,530	427	390	624	--	703	2,170	5	570
Libya															
1976-78 avg.	151	93	--	--	--	16	43	91	--	--	2	--	110	--	60
1982	160	90	--	--	--	16	43	94	--	--	2	--	112	--	56
1983	143	90	--	--	--	16	44	90	--	--	2	--	97	--	61
1984	150	100	--	--	--	15	42	90	--	--	2	--	120	--	63
Morocco															
1976-78 avg.	2,048	1,656	246	4	246	347	967	78	6	14	8	369	665	15	272
1982	2,183	2,334	247	4	187	350	1,012	80	6	15	10	367	670	13	256
1983	1,971	1,228	258	4	258	340	973	74	5	13	7	345	650	16	272
1984	1,989	1,405	234	4	294	350	916	80	7	14	7	395	675	15	287
Tunisia															
1976-78 avg.	748	318	--	--	74	69	154	54	--	--	7	10	270	10	173
1982	916	339	--	--	74	63	145	45	--	--	6	8	244	9	178
1983	618	303	--	--	87	70	122	60	--	--	7	7	277	10	166
1984	711	312	--	--	60	75	195	58	--	--	8	14	290	10	174
Total North Africa															
1976-78 avg.	5,891	2,780	3,732	2,375	721	1,075	2,982	840	430	693	21	1,097	3,708	47	1,185
1982	6,256	3,605	3,595	2,443	637	1,069	2,967	823	467	753	22	1,081	3,614	44	1,143
1983	5,551	2,185	3,766	2,447	751	1,051	2,953	834	428	687	20	1,098	3,674	49	1,166
1984	5,865	2,549	4,135	2,235	774	1,105	3,025	862	397	638	22	1,112	3,835	48	1,246

Table 12--Middle East: Production of selected agricultural commodities

Country and year 1/	Wheat	Barley	Corn	Rice paddy	Pulses 2/	Grapes	Citrus Fruit	Dates	Cotton	Cotton seed	Tobacco	Sugar raw	Milk	Wool	Meat
1,000 Metric Tons															
Cyprus															
1976-78 avg.	14	97	--	--	7	198	307	--	--	--	1	--	--	--	--
1982	11	95	--	--	7	195	275	--	--	--	1	--	--	--	--
1983	12	98	--	--	7	200	283	--	--	--	1	--	--	--	--
1984	20	99	--	--	7	198	362	--	--	--	1	--	--	--	--
Iran															
1976-78 avg.	5,083	1,083	56	1,240	135	538	319	255	83	190	29	412	1,733	15	503
1982	5,550	1,200	58	1,280	136	540	312	280	80	185	28	410	2,173	16	528
1983	5,200	1,100	61	1,260	138	545	320	295	85	192	30	415	2,300	15	540
1984	4,500	950	50	1,180	130	530	325	190	85	192	30	410	2,470	15	572
Iraq															
1976-78 avg.	685	671	--	123	123	433	153	278	13	26	13	--	1,401	11	247
1982	965	902	--	163	124	455	152	373	14	29	12	--	1,400	12	253
1983	841	835	--	111	120	419	155	345	12	25	14	--	1,378	11	262
1984	250	275	--	80	124	425	153	115	12	25	12	--	1,425	11	272
Israel															
1976-78 avg.	197	13	--	--	--	68	1,607	--	90	144	--	25	823	--	185
1982	135	13	--	--	--	73	1,808	--	87	128	--	30	772	--	164
1983	335	20	--	--	--	70	1,504	--	93	153	--	25	829	--	188
1984	120	5	--	--	--	60	1,510	--	90	150	--	20	868	--	203
Jordan															
1976-78 avg.	91	23	--	--	35	70	126	--	--	--	--	--	--	--	--
1982	82	31	--	--	32	71	125	--	--	--	--	--	--	--	--
1983	150	28	--	--	40	72	127	--	--	--	--	--	--	--	--
1984	40	10	--	--	34	67	125	--	--	--	--	--	--	--	--
Lebanon															
1976-78 avg.	15	6	--	--	14	138	306	--	--	--	4	11	--	--	--
1982	17	5	--	--	16	140	340	--	--	--	4	12	--	--	--
1983	15	8	--	--	13	138	295	--	--	--	4	10	--	--	--
1984	13	5	--	--	12	135	283	--	--	--	3	10	--	--	--
Saudi Arabia															
1976-78 avg.	790	6	26	3	--	75	25	424	--	--	--	--	311	--	220
1982	360	6	30	3	--	72	24	411	--	--	--	--	277	--	170
1983	710	6	25	3	--	74	25	420	--	--	--	--	320	--	230
1984	1,300	7	24	3	--	79	27	440	--	--	--	--	335	--	259
Syria															
1976-78 avg.	1,412	669	--	--	152	436	--	--	165	279	13	97	--	19	--
1982	1,556	661	--	--	147	423	--	--	143	249	14	87	--	18	--
1983	1,612	1,043	--	--	192	450	--	--	194	338	14	100	--	19	--
1984	1,068	303	--	--	118	435	--	--	157	249	12	105	--	19	--
Turkey															
1976-78 avg.	13,467	5,808	1,447	305	1,208	3,090	1,115	--	532	854	215	1,792	5,710	63	593
1982	13,800	6,400	1,360	323	1,207	3,270	1,106	--	489	782	208	1,860	5,750	63	749
1983	13,300	5,425	1,480	291	1,322	3,000	1,190	--	522	835	228	1,777	5,624	63	779
1984	13,300	5,600	1,500	300	1,094	3,000	1,050	--	586	945	210	1,740	5,755	63	798
Total Middle East															
1976-78 avg.	21,754	8,377	1,529	1,671	1,673	5,045	3,959	956	883	1,492	275	2,337	9,978	108	1,748
1982	22,476	9,313	1,448	1,769	1,669	5,239	4,142	1,064	813	1,373	267	2,399	10,372	109	1,864
1983	22,175	8,563	1,566	1,665	1,832	4,968	3,899	1,060	906	1,543	291	2,327	10,451	108	1,999
1984	20,611	7,254	1,574	1,563	1,519	4,929	3,835	745	930	1,561	268	2,285	10,853	108	2,104
Total North Africa & Middle East															
1976-78 avg.	27,645	11,156	5,261	4,046	2,394	6,120	6,940	1,796	1,313	2,185	297	3,434	13,685	155	2,933
1982	28,732	12,918	5,043	4,212	2,306	6,308	7,109	1,887	1,280	2,126	289	3,480	13,986	153	3,007
1983	27,726	10,748	5,332	4,112	2,583	6,019	6,852	1,894	1,330	2,230	311	3,425	14,125	157	3,165
1984	26,476	9,803	5,709	3,798	2,293	6,034	6,860	1,607	1,327	2,199	290	3,397	14,688	156	3,349

1/ Data for 1984 are preliminary.

2/ Pulses may include dry beans, broad beans, lentils, chickpeas, cowpeas, dry peas, vetch, bambarra groundnuts, and pigeon peas.

-- = None, negligible, or not identified in ERS data base.

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